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THE LIFE OF ANDREW CARNEGIE

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BURTON J. HENDRICK

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The Age of Big Business
(Yale Chronicles of America)

THE LIFE OF Andrew Carnegie

BY
BURTON J. HENDRICK



VOLUME II

GARDEN CITY, NEW YORK
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MCMXXXII

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THE LIFE OF ANDREW CARNEGIE

Chapter I

THE GROWTH OF THE CARNEGIE DOMAIN

1893-1900

I HAVE had to take general charge of our business for next year," Carnegie writes Morley on December 17, 1899. "Some moves must be made to meet these huge combinations that are really at our mercy, and my being at the helm makes the victory easier. So think my partners, but it is only a short postponement of withdrawal. Ashamed to tell you profits these days. Prodigious!" In the "Thoughts on Minutes" with which Carnegie regularly favored his associates the forecast becomes more specific. "If you can fill next year at present prices," he tells them, "you have at least forty millions profit. But it may be fifty. To want more than that seems wicked." In describing the same rosy prospects to his cousin, George Lauder, Jr., Carnegie quite excusably drops into Scottish vernacular. "No bad!" is his summation of present conditions and of immediate outlook.

These unprecedented earnings epitomize the final chapter in Carnegie's life as a manufacturer. As always, the Carnegie enterprises were progressing with the times, and this decade, 1890-1900, marks the crisis when American industry came into its own. Historians usually refer to the closing years of the nineteenth century as the period when America emerged as a "world power." In the domain of finance and industry, if not in that of international ascendancy, the grandiose description has a large measure of truth. There was nothing in the early part of this splendid epoch, however, that foreshadowed the brilliance with which it was to close. The middle eighteen nineties represent perhaps the most distressing years in our annals. The panic that threw the whole national

fabric into ruins in 1893 caused more widespread misery than that of 1873. It affected all phases of American life, industrial and political, and even put in jeopardy the Federal Treasury itself. Hundreds of national banks failed, commercial houses and manufacturing plants lived over again the experiences of the seventies, and blighted crops left the farmers a heritage of foreclosed mortgages. Never, in peace times, had the Federal finances reached such confusion. There were moments, indeed, when the Treasury did not possess sufficient funds to meet outstanding drafts, escaping bankruptcy only by the salvaging intercession of New York financiers. General unemployment found expression in a grotesque mélange of tramps, loafers, thieves, and honest but idle workmen, who, under the name of "Coxey's Army," started "eastward from the Mississippi, overrunning towns and seizing railway trains, with the avowed purpose of gathering the eastern proletariat to its number and appearing by thousands before the Capitol at Washington to demand relief."* Federal troops could restrain such menacing outbursts, but it was more difficult to hold in leash prevailing political and economic heresies, whose spokesmen vociferated in Congress and the Senate, advocating schemes that struck at the country's stability and honor, finally, in 1896, obtaining control of the Democratic Party and nominating William J. Bryan for the Presidency. Demoralization fell with greatest fury upon the transportation system, the activity on which Carnegie's business was largely dependent. One-fourth of the nation's railway mileage admitted bankruptcy, including many of America's most famous lines, such as the Santa Fé, the Union Pacific, the Erie, the Northern Pacific, the Reading and the Baltimore & Ohio. The present generation can perhaps best appraise the state of affairs by recalling that, in 1897, the stock of the Union Pacific Railway was selling at four dollars a share.

How Carnegie laid the basis of his success in the depression extending from 1873 to 1878 has already been told. He selected this very time, when industry was paralyzed and prices were lowest, to erect his great steel works, and invested his savings in the latest technical equipment—all in preparation for the renewal of that prosperity in which his confidence was absolute. He repeated

**Forty Years of American Finance*, by Alexander Dana Noyes, pages 219-220.

this particular episode of his industrial history in the four dreadful years, 1893-1897. In the later period as in the earlier one he enforced his favorite policy, against the protests of friends and partners. The hard times fell heavily upon the Carnegie "Associates," and even upon Carnegie himself. His correspondence gives a fleeting glimpse of America's leading steel maker pressed for ready cash and making personal bank loans. In asking a New York Trust Company for money and offering Frick coke stock as collateral, Carnegie adds, "You will have something unique—my notes. It is many years since I have had a personal obligation." A request from Gladstone for a subscription to a favorite endowment Carnegie was compelled to refuse; he simply did not have the money. The same answer was made to W. W. Sage, appealing in behalf of Cornell University. "I have to spend \$5,000,000," Carnegie wrote, February 3, 1896, "on the Pittsburgh Institute. I have yet \$2,000,000 of that to make . . . I am happy in being a poor rich man, largely in debt, as you see . . . Some day I hope to be of a little use, but at present I am in the condition of Mr. Vanderbilt, who once said to me, 'I am invested up to two years ahead.' "

This does not mean that Carnegie was really distressed, any more than Mr. Vanderbilt had been on the occasion in question. It means that great millionaires, like less exalted mortals, can be inconvenienced by a financial depression. The picture has another side, for the Carnegie Steel Company, even in these parlous times, was doing fairly well. Its hard luck consisted, not in a deficit, but in a reduction of profits. At the end of each of these panic years the treasurer's report showed comfortable earnings—earnings that might have been used for liberal dividends. But Carnegie refused to devote his surplus to that purpose. His tested philosophy indicated a better way. Not unnaturally his mind reverted to his happy experience in the seventies, and what more fitting example to follow than his own? Yet Carnegie's determination caused much heart burning. Frick sympathized with his programme, but the other partners were less amenable. Henry Phipps wrote, June 2, 1895, that his constant vision of receding dividends resembled that of "the man without a country." "We get in sight of dividends," he said, "and then, like Philip Nolan—he sees his native land, then

a new ship and a new voyage—and never lands, each time a new and deeper disappointment . . . It surely must be in manufacturing—say the Carnegie Steel Company—that man never is, but always to be blest! If a man wants to spread, reasons are plentiful and opposition is unpopular. I know it must annoy and bore you my giving opposite views, but I have not hesitated when it seemed to be my duty.” Even that most conservative of men, George Lauder, Jr., joined the pro-dividend chorus. “My dear Naig,” he writes, June 12, 1895, “I have a long communication from Phipps on the question of dividends versus improvements. His position seems to me unassailable. But apart from all he urges, I cannot see why you do not make dividends . . . On the first of May we were about \$1,000,000 ahead with all fixed capital left out. Add May earnings and stocks and bonds, which are really available assets, and there is between six and seven millions. If I am not right about this I would like to know it. If I am, why do you not make dividends?”

The last purpose to which Carnegie intended to put this comfortable surplus of “six or seven millions” was to “make dividends.” The existing hard times gave him the culminating opportunity of his life. Optimistic as always where his country’s future was concerned, he insisted that the widespread ruin would be followed by an era of unexampled prosperity. His surplus could best be devoted to the “improvements” and “expansion”—odious words to certain of his partners—that would prepare the Carnegie properties for the inevitable harvest.

Most of Carnegie’s great rivals, especially those west of Pittsburgh, spent these years in an orgy of stock-jobbing. While they were busy manufacturing stocks and bonds, forming “syndicates,” organizing trusts and manipulating their own watered securities in Wall Street, Carnegie was improving his plants, scrapping obsolete equipment, installing the most modern machinery, acquiring ore fields on an enormous scale, building railroads, founding steamship lines and developing an executive staff of the highest type. Anyone who wishes to understand what Abram S. Hewitt meant when he described Carnegie as “the greatest manufacturer the world had ever known” needs only to study his exploits during this lustrum. In 1892 Carnegie had looked forward to the new

chapter as a time of repose, but it proved to be a period of unprecedented activity and excitement.

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AND so it happens that the nineties offer one of the most astounding spectacles in our history—one unseen up to that time and not likely to be witnessed in future: that of a man, spending half his time outside the United States, seeming to give only desultory attention to a large business, yet keeping the closest touch upon its extensive ramifications, directing day by day the performances of an able staff, gathering under one organization the several elements that made the Carnegie company so far surpass its rivals that practically all of them lay helpless at its feet, and bringing to the American economic structure that priceless boon, cheap steel, which forms the basis of the nation's industrial success. That, in accomplishing his triumph, Carnegie worked in coöperation with a group of "associates" probably unexcelled for skill and energy, he was the first to explain; yet this organization itself was Carnegie's creation—a greater one, in his opinion, than the more material accessions. "Please present to all partners my cordial congratulations upon the prosperity of our concern," he wrote in one of the "Thoughts on Minutes," "a concern which may now be said to have made a good start, the result of exceptionally able management by the most wonderful organization of young geniuses the world has to show or ever had to show. I mean this, every word of it." This sentiment Carnegie never hesitated to utter publicly. "Take from me all the ore mines, railroads, manufacturing plants," he liked to say, "and leave me my organization, and in a few years I promise to duplicate the Carnegie company."

What made Carnegie's progress so complete was the new theory of steel manufacture that gave direction to the "expansion" on which the company now embarked. Up to 1892 the production of steel remained a fairly simple process. The manufacturer bought his raw materials in the open market, fabricated his several articles, and depended upon existing steamship and railway lines for transferring them to consumers. In the early days that was the rational method. Capital could be more advantageously used in manufac-

ture than in outside adventurings. It was more economical to purchase in the market, for money could be invested to better advantage in furnaces and rolling mills than in hazardous undertakings only secondarily related to the matter in hand. Several experimental and not very successful flyers in Pennsylvania ore fields had seemed to justify this programme. Changing conditions, however, now exacted a more comprehensive outlook. The vast development of the country showed that steel would be required in unthinkable quantities, and that a manufacturer unprovided at first hand with an unquestioned supply of ore and coke would be ill equipped for the approaching struggle. Similarly the growing discrimination and monopolistic tendencies of railroads made necessary some kind of protection against their arrogance—a need acutely felt in the Pittsburgh area. Above all, Carnegie had long since discovered a principle of which much has been heard in recent years. Henry Ford was not the originator of mass production; small profits and a huge output had been from the first the secret of Carnegie's success. The great end served by the possession of raw materials was the lowering of cost. Carnegie began the process in the eighties, when he acquired the majority ownership of the Frick Coke Company. What a treasure store was then obtained succeeding years disclosed. The advantage that the Carnegie forces annexed by this, the finest and largest bed of coking coal in the world, largely explains the cheapness with which American steel was produced. Just consider that, in 1900, this prolific fuel cost the Carnegie company \$2.25 a ton, while British manufacturers paid \$4.50 a ton for a coke of inferior grade. The Connellsville kingdom thus supplied one of the two most important bodies essential in the making of steel, and formed a rich substratum for the magnificent acquisition of nature's resources which now began.

This abounding storehouse of coke was not far to seek; it lay only a few miles southwest of the Carnegie furnaces, but the other ingredient, the iron itself, was more remote. Since 1875 the Carnegie ore had been derived mainly from the Marquette Range—the "Old Range" as it was now beginning to be called—south of Lake Superior. An endless procession of schooners and brigs, fashioned from the abundant pine on the shores of Lake Superior, found its way across the inland seas, passed through the canal at the

Soo, depositing the cargo at Lake Erie ports, whence it was transported to western Pennsylvania by the railroads. For thirty years the Marquette region had faithfully responded to the demands of a growing business; about 1880, however, a new terror began to make uneasy the sleep of Pittsburgh ironmasters. Contrary to early hope the Marquette Range was not inexhaustible. That it would continue to produce ore for an indefinite period was plain, yet the day was inevitably to come when Marquette would prove inadequate to modern needs. The eighteen eighties witnessed an almost frenzied activity in northern Michigan. Everywhere, under the direction of geologists, workmen were busy with drills and pitmen were digging yawning holes, all in the search for additional mines, great fortunes vanishing in the quest. In the heyday period, not far from ninety mines had been worked on the Marquette Range; by 1890 this number had dropped to less than twenty, and their shipments were growing smaller month by month. Abandoned shafts, filled with water, their timbers rotting and their sides stripped bare of ore, formed sad reminders of departed glory. What was to be the future of American steel if new discoveries were not made? The prospectors roaming the country for untapped sources had two successes—the Gogebic, which sent its first regular shipments in 1884, and the Menominee, which came to the rescue in 1887. The outlook was somewhat improved, still the demand for steel was daily augmenting, and these new sections, despite the richness of the Gogebic, could satisfy the trade for only a brief time.

All the mines exploited up to about 1885 lay in the land south of Lake Superior—in Michigan and Wisconsin. It had become almost a superstition that Lake Superior ore existed only in this southern region. That nature might have implanted similar reserves on the northern or northwestern borders of the lake apparently entered no one's consideration. Yet the map itself might have incited the imaginative prospector. Here the western end of Lake Superior stands out like a huge insisting hand, the index finger pointing toward the distant and seldom travelled forest of northern Minnesota. Perhaps the mere fact that it was a forest acted as a deterrent. This wilderness was indubitably a country of great riches, but its wealth consisted in the almost endless stretch of

white pine that had given Minnesota lumber its fame. These treasures reached into the air, and so the woodsmen were constantly looking skyward, trampling under foot the pine needles that lay like a blanket over a hoard whose existence they never suspected. In this unpeopled territory one mountain rose high above its neighbors, forming a watershed that separated the streams draining into Hudson Bay and Lake Superior from those that fall ultimately into the Gulf of Mexico. The "Giant" or the "Grandmother" was its Indian name. The word "Mesabi," in the primeval dialect, implies a meaning not unlike a phrase colloquially used in our own more polished civilization; the "Daddy of Them All," white men say, while the prophetic Minnesota red men, expressing their awe-some feeling for the most imposing manifestation in their purview, called it "Mesabi"—or the "Grandmother of Them All." For decades only the huntsman and the lumberjack, among their Caucasian acquaintances, had troubled this reverential reach of granite. Intermittently, however, came stories that symptoms of iron had protruded through the underbrush. An infrequent wayfarer gazing on an uprooted tree would find, as one with a gift for poetic description phrased it, "the red stain of iron" clinging to its tentacles, and reports were circulated that the holes made on these occasions were little less than sandy beds of ore. Learned geologists stood aloof, not even taking the trouble to visit the scene; iron had never been found in soil like that of the Mesabi, and any money spent in chasing such illusions would be thrown away. That rich fields were presently opened on the Vermilion Range, northwest of the lake, partly explains the forgetfulness that speedily fell upon Mesabi; here were mines of the traditional type, perpendicular, rocky, and deep pitted, yielding their trophy only to dynamite blasts and pick and shovel. But the gentlemen from the universities were wrong. Mesabi should have captivated the inquiring mind, for it was a specimen of that rarest phenomenon in man or nature—it was something new. Creation, in embedding enormous riches on this neglected hill, had indulged in one of its cleverest pranks. The range extended a hundred and twelve miles, but here and there the geologic processes had hollowed out troughs or basins, some round, some oblong, some a few feet long, others reaching miles, the depth varying from half a dozen feet to several

hundred. These excavations sometimes resembled huge canoes, four or five miles in length and hundreds of feet broad; again they resembled mammoth cups. For untold millions of years water had percolated through the gigantic hollows, bringing from alluvial soil particles of iron and sand, completely filling them, and so accumulating the deposit that, eons in the future, was destined to reappear as steel rails and office buildings. After these caches had been laid, the glaciers came, covering the surface with a thin layer of drift ranging in depth from a few inches to seventy or eighty feet. So far as the ore beds were concerned, the only purpose served by this "glacial drift" was to conceal them. On this abundant surface great forests of pine afterward grew, performing their part in hiding the unfathomed seas of metal. The master work was complete millions of years before that poor creature, man, had achieved even a tentative emergence from his primordial ooze.

In discovering this "Grandmother of Them All," the brothers Merritt played the same rôle that Philo Everett and his Indian guide, Majigijig, had enacted in Marquette half a century before. The Merritt clan had settled in Duluth in 1856, when that city was a frontier post of five or six families, and had become woodsmen—the Daniel Boones of an untrampled wilderness. Unlike most adventurers with rod and gun, two of the family, Leonidas and Alfred, had heaped up a little fortune by successful dealings in land, and were thus better prepared than their fellows to give ear to the yarns associating their happy hunting grounds with iron ore. Alexander Graham Bell used to say that, had he known anything about electricity, he would never have invented the telephone; similarly, had Alfred and Leonidas Merritt experienced the slightest schooling in geology they would never have uncovered the world's greatest supply of iron. About 1887 the brothers began to transfer their predatory instincts from beasts and birds to the less accessible quarry lying underground. Discouragements put forward by scholars were not the only hindrances in their way, for the country was so dense with vegetation that roads were unknown and horses useless, the pioneers being obliged to carry their provisions and camp utensils strapped on their own capacious shoulders. Though persuaded, evidently by some inward light, that they would find their ore, the Merritts were so little familiar with

the task in hand that they went well supplied with drills, pickaxes, and other classic impedimenta of mining. Such instruments were not necessary in these unprecedented domains. One day, thrusting aside the pine needles with his foot, Leonidas instructed a German workman, employed for the occasion, to sink a pit in this level sandy spot. The sturdy German, being an experienced miner, refused to obey instructions; having a reputation to sustain he did not intend to jeopardize it by digging a hole in such a ridiculous place. "If we had got mad," Leonidas said afterward, "and kicked the ground right where we stood, we would have thrown out 64 per cent. ore."* For this spot was one of the areas where the concealing mantle of glacial drift was only a few inches deep, the ore coming toward the surface till it met the roots of the grass. Soon afterward Merritt scooped up in his hands specimens of red soil, and, as the sandy mass trickled through his fingers, his eye perceived that it was the material he had been seeking—of a kind, however, unknown up to that time. That the pioneer could gather this new ore in his naked hands foreshadowed the future of the Mesabi Range, his rustic palms serving merely as the progenitors of the mammoth steam shovels that have made mining in this region resemble rather the digging of a Panama Canal than the patient methods used from immemorial times. Merritt in a flash recognized this new peculiarity. "If this is iron ore," Lon shouted to his brother, "all we have to do is swing a shovel." Several bushels deposited in a laboratory showed that it was iron ore indeed, of a non-phosphoric purity unexampled and of a metal content far beyond that derived from other zones. Despite these demonstrations geologists continued to sniff, and when tested in the blast furnace the results were unsatisfactory to the practical ironmaster, the powdery substance being so thin that large portions were blown out of the chimney with the gas. The new volatile ore rapidly became the subject of jest. Loaded on an open gondola freight car and started on its way to the lake, half the cargo, it was maliciously reported, vanished into thin air before the destination was reached.

The place at which Leonidas Merritt scooped up the yielding soil was the elevation afterward developed into Iron Mountain,

*Stanley Committee, page 1889.

a basin that was soon shipping two million tons a year. This discovery was made in 1891. Merritt's first impulse was to jump on a train, stop off at Pittsburgh, and lay the facts before Andrew Carnegie. The details of the interview are not available at this time, but that Carnegie was favorably impressed is apparent, for he immediately despatched experts to northern Minnesota to verify the Merritt statements. Although the report justified the rosiest expectation, Merritt's subsequent parleys with the Carnegie Steel Company did not fulfill his hopes. The conversation which took place with Frick made a bad beginning in one of the most brilliant chapters in the company's annals. The picture of Frick, at this critical meeting, drawn by Leonidas Merritt himself, displays that brief-spoken leader in his most unfortunate mood. "I had been invited there to see him . . . Frick did not use me like a gentleman, and cut me off short and bulldozed me."* Frick showed no interest in this preposterous location or its inconsequential ore; from beginning to end, Merritt said, he heaped "ridicule" on the idea. Possibly the sad experiments in the blast furnace explain Frick's unfriendly temper, yet a dispassionate critic should hardly have required a trial to prove that a furnace built to handle ore in the shape of rocks could not digest a food that was little more tangible than powder. The failure attending these efforts, however, turned more than one hide-bound artisan against Mesabi iron.

A new figure, and an important one, now steps upon the stage. Among the "bottom hoosiers" with whom the Carnegie boys used to play in the Rebecca Street days was "Harry" Oliver, of Scottish origin like themselves—the same "Harry" for whom Carnegie provided a job as fellow messenger in the Pittsburgh telegraph office. Like most of that aspiring group, Oliver had a successful career, ultimately becoming a prosperous manufacturer of steel. This culmination, however, was attained only after a variety of vicissitudes—an up and down process in keeping with the temperament of the man. For Oliver was an exceedingly animated person, full of energy, frequently misdirected, with a taste for business prospects of all kinds, and endowed with an unfailing fund of optimism beside which even Carnegie's ran thin. Oliver spent the first fifty years of his life making fortunes and losing them, bound-

*Stanley Committee, page 1892.

ing up from one calamitous experience only to dash impetuously into another. Pittsburgh is full of anecdotes that illustrate the Col. Sellers attributes of the man, though in one respect Oliver differs from his prototype, for the "Millions in it" in his case were finally realized, the Pittsburgh clairvoyant dying a very rich man after accomplishments that persist in substantial shape today. Among Oliver's other talents was a penchant for politics, a by-product of his life that made him a Delegate to the Republican National Convention held in Minneapolis in 1892. That the gathering should have assembled in this unaccustomed city was one of those curious unrelated circumstances that so frequently direct the accidental process known as history. Cloakroom prognostications on the forthcoming Presidential candidate soon had little interest for Oliver, his attentive ears having hearkened to more lurid discussions. For the first time he heard the word Mesabi. The dulcet syllables suggested a fresh emprise, and the nominating convention vanished from his thoughts. President Harrison, candidate for a second time, ceased to be Oliver's hero, the composite Merritt family having stepped into his place. People in northern Minnesota were talking of nothing but the metallic sand in the ancient pine forests. Prospectors were leaving in droves, determined to lease, buy or steal any "claims" upon which they could lay their hands, Oliver caught fire. Entrusting his political duties to his alternate, he rushed to Duluth. The one hotel was so crowded with fortune seekers that the Pittsburgh ironmaster spent a restless night on the billiard table. He speedily became the bosom friend of Leonidas Merritt, who by this time had acquired large Mesabi holdings and was constructing a railroad, devoting to these undertakings the little fortune the family had saved through many years in the lumber business. Merritt took Oliver to the promised land, exhibiting the ore that lay on every side, stimulating the already fervid Pittsburgher with stories of his wanderings, his successes, his failures. The one thing the Merritts sorely needed was ready cash, for their claims and their railroad—the Duluth, Missabe & Northern, now one of the most valuable units of the United States Steel Corporation—had drained them dry. To the hard-up Merritts Oliver seemed the one road out of darkness. The new-found friend gave Leonidas Merritt a check for five thousand dollars,

receiving as consideration certain rights on the Mesabi Range. The transaction marked an important date in the story of American industry and Pittsburgh steel. The part that Frick had played in the development of coke, Oliver now played on the Mesabi Range. And, like Frick with Connellsville, Oliver turned to Carnegie for support in realizing his splendid dream.

The voice of Henry Oliver was presently vibrant in all the purlieus of Pittsburgh and the Northwest. Henry Frick speedily succumbed to his oratory. Perhaps the chairman now nourished sad recollections of the day Leonidas Merritt had been practically ejected from his office; at any rate this second opportunity was not cold-shouldered. Carnegie was less impressed, a truth which the enemy liked afterward to hurl in his teeth. Fond as he was on personal grounds of his ancient comrade, Oliver represented the type of derring-do with which he could have no business association. Carnegie's letters, during this period and subsequently, contain scorching references to the unsteady Oliver, and on this point Frick differed little from the senior partner, his caustic comments on Oliver's reckless optimism appearing plentifully in the Minutes of the Carnegie company. "Mr. Oliver is a valuable man," Chairman Frick remarked on one of these occasions, "if properly controlled, but, if he is allowed to run loose, he will soon wreck the credit of any concern that he attempts to do business for." That Carnegie should shy from such a proposed comrade is therefore not remarkable. Moreover, at this time, 1892, Carnegie was not persuaded that his company should adventure in ore. There were many other fields for expansion, he thought, in which capital might be better employed—for example, the open hearth process which he was introducing on an heroic scale. The ore was to be obtained by a partnership with Oliver, and to that proposal Carnegie long remained unsympathetic. At this time, and in coming years, Carnegie's attitude toward Oliver brings out the curious, one might say the unreasoning, phases of his character. Even the great services Oliver was rendering hardly softened Carnegie's opinion; all the man's brilliant qualities were as nothing in view of the fact that Oliver was the one thing Carnegie abhorred in a business man—a "speculator." However, when it came to the decision Carnegie was not pigheaded but gave way to Frick's persuasions. The bar-

gain made by Frick with the Oliver mining concern would have done credit to a man of purest Scottish blood. Oliver was so wishful of the support of the Carnegie company that he made virtually a free gift of a half ownership in his properties. The Carnegie Steel Company then lent the Oliver organization \$500,000. This loan was liquidated in due course; the outcome of the transaction, therefore, was that the Carnegie interest acquired half the Oliver claims without the investment of a dollar. One-sided as this bargain looks at first, in reality it was an extremely profitable one for Oliver, since it brought the coöperation of the Carnegie company and laid a foundation for the millions which ultimately became his portion.

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"FORTUNATELY I woke up in time," Carnegie afterward said, referring to the unfavorable view he had originally held concerning the acquisition of mining properties.* The magic which produced this change was his first vision of the Mesabi country. A transformation followed, not unlike the one experienced twenty years before, when he came face to face with the Bessemer converter. Mesabi in 1896 was not the stupendous pageant it has since become, but even then all the wonders of the modern time were apparent. What this vermilion spectacle meant to American industry Carnegie immediately perceived. Up to the eighteen nineties the processes of mining had changed little from the days of the Phœnicians. Mines were subterranean caverns, illumined by torch or lamp, frequently reaching hundreds of feet into the earth; miners were shadowy phantoms, working in semi-darkness with pick and shovel, their accumulations hoisted to the surface in baskets. Now, however, as Carnegie looked on the gigantic open trench that was, out of respect for tradition, denominated a "mine," "Lon" Merritt's prediction had come true: "If this is iron, all we need is a shovel." Yet the shovel now in evidence was a different utensil from the homely article for ages familiar to the mining trade. The thing on which Carnegie gazed was a giant bucket, swung at the end of a mighty derrick, opening and closing its jaws, taking gluttonous bites from the red side of the hill, emptying its burden into an open

*Stanley Committee, page 2500.

freight car which, satiated by a few mouthfuls, advanced to make way for a successor. Crevasses have since been excavated in the Mesabi country so deep and wide that the Culebra Cut at Panama looks in comparison like the work of children. Mesabi "miners" boast that the greatest holes ever dug by human contrivance yawn upon that mountain range. The panorama impressed Carnegie fairly to awe, yet its practical significance loomed uppermost in his sagacious mind. Iron-mining, on Mesabi Mountain, had gone the way of scores of other crafts; it had ceased to be a manual art. A few machines could now accomplish the work that for ages had been done by thousands of human hands. For the first time in history an "iron mine" was open to the heavens; ore was here to be scooped up from the field by the ton where formerly it had been pried loose from rocks by the pound; it could be harvested as easily, and almost as inexpensively, as wheat. The word Mesabi, properly translated, meant cheap steel—the cheapest in the world—the ultimate goal at which Carnegie's business life had aimed.

"The truth of the matter is," Carnegie afterward said, "until I went to Lake Superior and saw and studied the question, I was averse to buying ores at all. I felt we had enough to do at home developing the finished product . . . Harry Oliver, my fellow messenger in the telegraph office, was one of the brightest men Pittsburgh ever could boast of, and he saw far ahead, and went up to that region and loaded himself with ore leases that he purchased for a song, or what would now be a song. He came to us and said he would like us to buy five-sixths of all his mining leases. That was a big order and I went to Lake Superior myself, because at that time I had thought that we would not engage in the risk of mining; but I went up myself and looked over the whole question of ore there, and I saw those immense steam shovels shovelling up this ore at 15 or 20 cents a ton—and changed. 'We will go and own our own ore.' "*"

By the time indicated in this quotation, 1896, another development, personal in character, had put a new face on Minnesota ore. The most powerful industrial element in the United States next to the steel business itself had for years been acquiring properties in this region. In the discussion of the Lake Superior resources the

*Stanley Committee, pages 2360-1.

names "Standard Oil" and "Rockefeller" were now the most conspicuously heard. Not only the finest locations, but the shipment of ore both by railroad and on the Lakes, had passed extensively into Rockefeller hands. That the master of Standard Oil, seeking fields for investing a steadily mounting income, should direct his attention to this territory would seem the most natural of adaptations. John D. Rockefeller apparently had an unquenchable thirst for things underground. In thirty years he had secured a virtual monopoly of petroleum; what more fitting than that he should repeat his triumph with iron ore? The oil region of western Pennsylvania, in 1870, had presented a less promising opportunity for wealth than the iron ranges of Lake Superior in 1890. Oil and iron were the two essential bases of industrial progress; this truth, clear enough now, was grasped by the "magnate" of 26 Broadway forty years ago, and his success with one stronghold necessarily stimulated his zeal to dominate the other. "I was astonished," Mr. Rockefeller says in his reminiscences, "that the steelmakers had not seen the necessity of controlling their ore supply." In this hiatus Rockefeller now perceived an entering wedge for himself. To slip between the steelmakers and their raw materials—here was another opening for the talent that had constructed the greatest "trust" in the world! Rockefeller's chance came in the panic of 1893. That calamity ruined most of the pathfinders in the Mesabi country. The properties that were fondly expected to make them millionaires over night now fell into heaps of ruins. Miners by the thousand left for want of work, rusting machinery lay exposed to the weather, and foreclosed mortgages clogged the courts. Men with ready money always reap when such whirlwinds ravage the country, and Rockefeller, his eye on the future, acquired vast areas on the Mesabi Range. All the Merritt properties, mines, claims and railroads passed into his hands.* This coup in itself made Rockefeller the master of the range, for the Merritt principality included the most fertile ore beds in Minnesota—it contained the foundation, Rockefeller believed, on which the whole future of American steel depended. It certainly looked as though the genius who had made himself supreme in the business of refining oil, and

*The celebrated controversy and litigation which resulted from this transaction obviously have no pertinency in this book.

whose fortune was already expanding in a dozen directions, had caught the steelmakers napping and had placed himself in a position to seize within his tentacles the industry which was rapidly becoming the most profitable in the world.

The public, always keen-scented for the "dramatic," and excited, above all, by the delicious spectacle of personal rivalries, could view the situation only in the aspect of a "fight." The sensation-loving American people found no contest more stimulating than that of Carnegie and Rockefeller facing each other in a struggle. The two richest Americans, the despots of steel and oil, each supported by countless millions and organizations of unexampled talent; such a confrontation the country had never witnessed! Possibly the oldest observers recalled the time, thirty years before, when Carnegie and Rockefeller were youthful exploiters in Pennsylvania oil, and when a conflict was avoided by the greater attraction exerted on the dashing Scotsman by iron. The battle that had been foregone in youth—was it to be fought in their declining years? So much for the popular excitement; so far as the two performers were concerned the situation was much less distracting. Up to that time Carnegie and Rockefeller had had little association. Their business activities had lain in different directions; in tastes the men had nothing in common, and in temperament and opinion they stood quite at the poles. In only one regard—the use of wealth for public purposes—had they a genuine bond of sympathy. An amusing detail is that Carnegie apparently never learned how to spell Rockefeller's name. In his letters the oil leader figures variously as Rockafellow, Rockafeller, and Rockyfeller; mutations that indicate no disrespect, being merely typical of Carnegie's carelessness in unimportant things. A solitary lapse into informality is an epistolary salutation to "Dear Fellow Millionaire." Infrequently as the men had met, their relations had always been amiable. And now the emergence of Rockefeller on the Mesabi Range caused no palpitation in Carnegie's breast. His partners might fret and worry, as they did, over the chance that Rockefeller would start refining iron, as he had engaged so successfully in refining oil—that is, that he might become a manufacturer of steel. That such a possibility was a serious matter Carnegie admitted. The Minnesota tracts—realms almost of solid iron—would give Rockefeller

an asset not to be despised and the "Rockefeller crowd" enjoyed an international reputation for brains. The likelihood that great steel plants might rise in Lake Superior ports Carnegie had often contemplated; he had recently made a speech contrasting Pittsburgh's disqualifications as compared with certain sections of the Northwest. Rockefeller, the newspapers reported, had already selected sites for blast furnaces and steel mills in Chicago, Duluth, Cleveland and other well placed cities. As a competitor Rockefeller was the only portent for whom Carnegie had much regard, other rivals, particularly those west of Pittsburgh, arousing feelings closely allied to contempt. He considered the one corporation that had presumed to measure lances with him, the Illinois Steel Company, as an assortment of stock jobbers whose recklessness was every day bringing the property nearer bankruptcy. But John D. Rockefeller, with his wealth, his ore beds, his supremacy in Lake Superior shipping, his ramified connections, above all, his gift for management, was a "foe" of different kidney.

Still the outlook was not, in Carnegie's eyes, an appalling one. He knew that, although he might have reason to fear Rockefeller as a rival, the Cæsar of oil had still greater reason to fear him. "Fear" is a misplaced word in either case. Both men had an accurate sense of realities, and consequently both understood precisely the balancing qualities of the situation. If the Carnegie leadership had cause to apprehend a "Rockefeller Steel Company"—and several of the executives were much alarmed at the prospect—the "Rockefeller crowd" in turn were not entirely easy over the possibility that Carnegie would become a rival in ore. Rockefeller owned the richest Mesabi properties, but the range was explored only in part and other areas were known to exist. The Oliver Mining Company, a Carnegie concern, was extremely wide awake and could easily endanger the Rockefeller preëminence. The belief that so common a substance as iron ore could not be cornered was the reason Carnegie had so far looked upon the purchase of expensive tracts as an uncertain venture. "Iron is a ticklish witch," he had said; he might put millions into an abounding soil, only to find that new discoveries had enormously depreciated his investment. Ore was a vacillating treasure at best; even the most skilled geologists would go foolishly astray, an apparently inexhaustible supply fre-

quently proving to be a delusion. Look at the hundreds of quickly abandoned mines on all the ranges!

These being the reciprocal facts, the two "magnates" had little difficulty in coming to terms. The famous Carnegie-Rockefeller ore leases were the solution of what looked like an irreconcilable impasse. While Carnegie regarded outright ownership as too hazardous a use of his capital—and this conviction he never abandoned—he did believe in assuring his supply of ore for an indefinite period. Rockefeller, instead of a menace, was the one unfailing resource for solving this problem. Carnegie's programme was simplicity itself. Let Rockefeller invest his millions in ore fields, the more the better, provided that, after risking his capital, he would lease them to Carnegie. Under these conditions the oil man seemed to take all the chances and Carnegie to obtain everything he wished without taking any chance at all. He assumed the properties for a fixed period, say fifty years, agreeing to work them at his own expense, pay Rockefeller a royalty—usually about twenty-five cents a ton—and to ship the ore on the Rockefeller railroad and the Rockefeller boats at rates determined by the market prices of the times. The Carnegie company, therefore, invested no capital except that spent for steam shovels and the like; as long as the ore lasted it was obtained at a very low figure; if the mine became unproductive Rockefeller was the person who was out of pocket. Such arrangements not only protected the Carnegie company in its iron, but eliminated Rockefeller as a competitor in the steel business. That Rockefeller should refrain from manufacture was a condition not mentioned in the contract, for such a stipulation was unnecessary; by selling his ore to Carnegie he automatically removed himself as a producer of steel. But the bargain was not one-sided; a bargain between two such shrewd gentlemen as Andrew Carnegie and John D. Rockefeller could not be. Carnegie's "fellow millionaire" obtained a steady customer, the most desirable in the country, for his ore, at a price, which, low as it proved to be, represented an excellent return; he likewise secured unfailing freights for his railroad and for the twelve magnificent lake steamers he had just put in commission. Above all, the Carnegie Steel Company gave a written pledge to keep off the Mesabi Range for ten years, to buy Mesabi ore only from Rockefeller so long as

Rockefeller could supply the kind needed, and to make no purchases or leases of iron-bearing land. That agreement, wrote Frederick T. Gates, the Rockefeller negotiator, "was fundamental in our contract. One of the prime motives for making this lease was to withdraw yourselves and the Carnegie company from competition in the purchase and leasing of Mesabi properties."* In the next few years such transactions between the Carnegie and Rockefeller interests were common. Carnegie refused to buy ore lands on the Mesabi, but he was invariably ready to lease such lands from Rockefeller. He would occasionally buy properties, selling them to Rockefeller and leasing them in turn. The men sometimes had their conflicts, for Rockefeller, as Carnegie said in one of his letters, "is a hard bargainer"; but in the large the scheme worked satisfactorily for both sides. Carnegie got control of the ore beds without investing capital, and Rockefeller, who was not averse to such speculations, secured a steady customer for his wares.

Afterward, when Carnegie and Frick parted, the latter's friends found pleasure in picturing Carnegie as an obstruction to the acquisition of ore and Frick as the man who, in face of opposition, had made this contribution to the Carnegie demesne. So far as the initial transaction with Henry Oliver is concerned this accusation is true. Subsequent attempts to purchase ore fields outright, thus contravening Carnegie's rigid policy of leasing, also met with disfavor at his hands. But in the negotiations that gave the company its greatest Mesabi resources, the Rockefeller leases, the situation was reversed. The Minutes of the Carnegie Steel Company while these proceedings were under way show that several of the managers were hesitant, that Frick was continually raising objections and at times was opposed, but that Carnegie insisted that the deals be signed. Carnegie was always favorable to a close understanding with Rockefeller and urged that nothing should be done to make the oil man hostile to the Carnegie Steel Company. On its merits he was opposed to joining the ore pool of 1895, and gave his consent for one reason only—that Rockefeller had asked his coöperation. He instructed the president of the Carnegie Steel Company,

*Letter to Henry Oliver, September 26, 1899, quoted in Minutes of the Carnegie Steel Company, October 2, 1899.

Mr. Leishman, not to stay out, for "we should lose the friendship of Rockefeller . . . I think Rockefeller is the coming man in ore and it will be to our advantage to stand in with him. As his ownership in ore lands will be very large, I believe it will be more to our advantage to mine ore in his territory, paying him a royalty, than to attempt to purchase ore property for ourselves."*

This continued to be Carnegie's position for the rest of his business career. All through the negotiations, however, Frick was at least lukewarm. He saw objections everywhere. "I would not favor the proposition as made,"† he said, though the contract which he would have declined was the one that became effective. In a letter thrusting aside Frick's objections, dated December 4, Carnegie wrote, "I have read over the documents presented by Mr. Oliver, and really, I do not see anything objectionable . . . I am in favor of closing the matter on the present basis." A man whose name never figures in this transaction but who was far more aggressive in the matter than Frick, was Henry M. Curry, the partner who had ore contracts in hand. Mr. Curry believed not only in the Mesabi, but regarded the lease as the one certain way of eliminating Rockefeller as a Carnegie competitor.

"If we make this agreement," said Mr. Curry, "it will have the effect of keeping Mr. Rockefeller out of the steel manufacturing business."

Frick retorted, "If Rockefeller does not go into the steel business, someone else will."

"But," Mr. Leishman replied, "very few people are hunting places to invest an income of fifteen millions."‡

Frick's final objection has a curious interest, being a faint echo of the apprehension that held American business almost paralyzed during the first Bryan Presidential campaign. Rockefeller had inserted a clause that all payments should be made in gold, of "standard weight and fineness." Carnegie was forced to quiet Frick on this detail. It was too trifling a matter, he said, to worry about; besides, Bryan was sure to be defeated and the country was not going to a silver basis. The Rockefeller lease, indeed, left Carnegie

*Minutes of the Carnegie Steel Company, January 21, 1896.

†*Ibid.*, November 3, 1896.

‡*Ibid.*

eager for more transactions of the same kind. "I beg to suggest," he immediately wrote Mr. Curry, "that you should be thinking of how to provide two million tons of Mesabi ore next year . . . If Rockefeller has no other desirable mines to lease upon the same terms, Oliver should be looking for others, but of course we want to deal with the Rockefellers if they have the article."*

The news of the Carnegie-Rockefeller understanding caused one of the biggest sensations that had startled the trade in years. Stealing a march on all competitors, the Carnegie company had secured, on extremely favorable terms, the richest metallic properties in America, and lands which, despite Carnegie's belief that other ample storehouses would be discovered, have not been duplicated up to the present time. "It gives the Carnegie company," said the *Iron Age*, December 17, 1896, "a position unequalled by any steel producer in the world." The newspapers and politicians saw the fulfillment of their most fantastic prophecies: the leases were a plot to monopolize the nation's leading industry; the world's greatest ore owner and the world's greatest ironmaster had joined hands in a "conspiracy" that would necessarily work public harm. Competitors were aghast. This conquest, combined with ownership of the fabulously rich coking acres in Pennsylvania, made the Carnegie Steel Company loom like a giant. Other steelmakers, attempting to emulate their foresighted contemporary, rushed to the Minnesota country, only to find that the principal tracts were safely locked in Carnegie's hands and that only the leavings remained for them. The steel company, already the toughest of rivals, was now invincible; the only possible safeguard was combination, and now began that series of "trusts" in steel that marked the last few years of the century. Despite popular fear of an iron and steel "monopoly," the Rockefeller transaction proved to be only a contract to sell and purchase ore. It was a chapter in his life upon which Carnegie liked especially to look back in his retirement. That the bargain was more advantageous to the Carnegie than to the Rockefeller interests is a question on which there is now no dispute. The belief is general today among steel men that, great as were Rockefeller's profits, he sold his ore far too cheaply, both to Carnegie and afterward, when he surrendered ownership

*Minutes of the Carnegie Steel Company, December 23, 1896.

of Mesabi to the United States Steel Corporation for \$80,000,000 in common stock—a property which Charles M. Schwab, at the time, said was worth \$500,000,000 on the basis of ore in sight. At present the Mesabi Range is the Corporation's greatest asset and the one thing that makes it supreme.

"Don't you know," Carnegie said, before the Stanley Committee in 1912, "it does my heart good to think I got ahead of John D. Rockefeller on a bargain. Let me tell you gentlemen this, for one moment: Last week we spent New Year's night and the next day at our little cottage. We have a golf cottage on the edge of St. Andrews golf links. Rockefeller's place is six miles away. And I said to Mrs. Carnegie, 'Let us go up and call on the Rockefellers.' We went up there. Here was the old gentleman, dressed nicely, tall and spare, smiling, beaming. He had been riding with a paper jacket that preserved him from all colds, and he presented Mrs. Carnegie and me with one of them, each. He said, 'Mr. Carnegie, you don't know what this paper jacket means. I can go out on the coldest day and be fully protected from the cold wind.' And he gave me his large photograph, two of them; one for Mrs. Carnegie and one for myself. Positively it is a delight to meet the old gentleman. But I did not refer to the ore purchase that I had made from him."*

*Stanley Committee, page 2392.

Chapter II

FORTUNE AT FLOOD TIDE

1896-1900

ANOTHER item in this general scheme of concentration and economy now required attention. The leasing of the Rockefeller properties gave new and pressing emphasis to a problem that had distracted Pittsburgh for several decades: that was the treatment it had always received from the Pennsylvania Railroad. High rates, discriminations, inadequate service, callous disregard of protests, such were a few of the details in an increasingly long chapter of grievances. Carnegie looked upon the Pennsylvania's behavior not only as a financial strain but as a personal affront. Of the railroad on which he had spent his apprentice years, and for which his affection was almost filial, he had become the largest single patron, his monthly freight bills pouring enormous sums into its coffers, yet it was using its monopoly to squeeze him to the final dollar. Several of his boyhood friends—Frank Thomson, nephew of that idol of his youth after whom the Edgar Thomson Works had been named, and George B. Roberts—had for many years been remorselessly active in applying the screws. The pleasure felt in the annexation of Lake Superior fields lost half its edge, since this triumph gave a new opening to the ancient foe. The transportation of ores was an expensive process, involving a sea voyage of several hundred miles to Lake Erie ports, transshipment to railway cars and a difficult trip over mountain, stream and valley, to Braddock and Duquesne. A circumstance that made the matter especially serious was that Carnegie's greatest rivals, at Chicago, Cleveland, Lorain and other lake ports, were spared this rail journey. Ordinarily this one condition, meaning cheaper ore for factories situated on the lakes, would have obliterated Pittsburgh as a center of steel. All

that saved the city was that, in its accessibility to Connellsville coal, it possessed a superior advantage. A substantial reduction, however, in the freight bills from Lake Erie to Pittsburgh, particularly in view of the impending increase in shipments, would save a considerable sum in the cost of steel as well as give the Carnegie company an instrument for combating the Pennsylvania in other directions.

For half a century Pittsburgh had provided a sumptuous banquet on which the railroads had relentlessly fed. In the "creation" of freight, this city, in 1896, had grown into the biggest railroad center in the world, and of this enormous business a single company, the Carnegie, supplied fifteen million tons a year. This was a larger tonnage than the entire freight transported by such distinguished systems as the Lake Shore, the St. Paul, the New York, New Haven & Hartford. There were three Western lines—the Union Pacific, the Missouri Pacific and the Northern Pacific—whose combined traffic did not equal the amount tendered by the Carnegie company. Why should the largest customer of the Pennsylvania be regarded as a helpless carcass exposed to its mercy? The word "monopoly" explains this, as so many other mysteries in our economic evolution. That other lines entered the Pittsburgh area was true, but they lacked facilities to compete. For years Carnegie had been compelled, bitterly as he resented it, to send three-fourths of all his freight on Pennsylvania tracks, because other possible routes were unequipped to handle his business. The rates he paid were the kind technically known as "non-competitive," which, being translated, means whatever the tax-gatherer deemed it prudent to levy. The experience of the Carnegie company in itself would provide sufficient material for a study of the celebrated American transportation problem, all the discriminations which make the railroad history of this country such a tangled story figuring as its daily trials. The overpowering detail was that the Pennsylvania did not have to fight for Pittsburgh traffic, since it had it without fighting; while to obtain that of Chicago, Cleveland, Lorain and other gateways meant a constant scramble. Quite naturally, therefore, Chicago could ship to the Atlantic coast at half the charges levied on Pittsburgh, although Pittsburgh was only half the distance. An added insult was that the trains conveying

these favored products to the Atlantic seaboard passed nonchalantly through the streets of the disregarded city. Pittsburgh, to give a single illustration, was a large manufacturer of flour for the Eastern market. This commodity was loaded on river boats and sent to Cincinnati, at which place the barrels were disembarked, transferred to freight cars and started East, passing once more through Pittsburgh on their circuitous voyage. Cincinnati enjoyed "competitive" rates, while Pittsburgh paid on a "non-competitive" basis. And steel was treated with the same harshness as flour.

Two attempts had failed to free western Pennsylvania from this thralldom. Carnegie was one of a group of Pittsburgh men who, in the early eighties, subscribed money to build the Pittsburgh & Lake Erie. The completed line for a period fulfilled all expectations, until the Vanderbilts acquired a majority interest in the stock and added the Pittsburgh & Lake Erie to the New York Central system. Then the Vanderbilts and the Pennsylvania held a consultation and agreed to maintain time-honored charges at Pittsburgh. In 1883 another blow was struck. At that time William H. Vanderbilt asked for a meeting with Carnegie. The great dictator unfolded plans for a railroad starting at Reading and extending across Pennsylvania to Pittsburgh. No such formidable attack had ever been launched at the Pennsylvania's "sphere of influence."

"What do you think of it, Carnegie?" asked Vanderbilt.

"I think so well of it," replied Carnegie, "that I and my friends will raise \$5,000,000 as our subscription."

"All right," said the head of the New York Central, "I'll put in \$5,000,000."

Work started almost immediately; roadways were levelled, tunnels were excavated and bridges begun—the greatest across the Susquehanna at Harrisburg, the remains of which are visible today. But the Pennsylvania, under George B. Roberts and Frank Thomson, was not entirely lacking in generalship. Mr. Vanderbilt, who had thus jauntily arranged to parallel the Pennsylvania road, awoke one morning to discover workmen busy as beavers on the western shore of the Hudson River, directly opposite his own New York Central, laying ties and tracks for a new line planned to extend from New York to Buffalo, closely hugging the Vanderbilt system all the distance. The most famous battle between Amer-

ican railroads was under way. The outcome was a kind of Versailles peace conference on board the yacht of Mr. J. Pierpont Morgan; the terms of settlement provided that the West Shore—a completed road—should be surrendered to the Vanderbilt interests, and that the South Pennsylvania, on which work abruptly ceased, leaving only dark unpenetrated tunnels and grass-grown roadbed, should be delivered to the conqueror. It was magnificent, and it was war, but the end sought by Carnegie in his association with Vanderbilt, cheap rates for Pittsburgh, did not materialize. Twice that city had attempted to break its bondage and twice it had been sold out.

It was consequently not surprising that, in 1896, the most powerful men in Pittsburgh regarded any enterprise directed against the Pennsylvania dominion as a waste of effort and money. The existing hardships were apparently part of nature's order; Pittsburgh steelmakers were rich, enjoyed other compensating benefits, and could make money even though forced to disgorge on such a scale to the leader in American transportation. Henry Clay Frick was one of those who had become reconciled to this submission. The Pennsylvania cast upon his spirit a kind of spell, causing him to shy from any belligerent demonstration, an attitude constantly present in the letters exchanged between Frick and Carnegie on the subject. It has been the company's policy, Frick writes, December 28, 1894, "to tie" to the Pennsylvania Railroad. The Pennsylvania, true enough, was grasping; still that was human nature; any executives in the position of Mr. Roberts and Mr. Thomson would behave in the same way. Carnegie insisted on seeing the problem from his own more hostile point of view. "If you would call public meetings," he writes, "and denounce the railroads, you would create such an outburst as has never been seen, and it may be necessary for us to begin such an agitation, but I hope not." "If these rates have to be forced," he says, referring to the demands he was preparing to make, "it will not be our fault; peacefully if we can, forcibly if we must; but competitive rates we shall have."

An order for ship plates, to be delivered at Newport News, Virginia, brought the controversy to a climax. This order Carnegie had good reason to expect, but greatly to his chagrin a Chicago rival secured it. The mystery was soon explained: Chicago was

sending this material at a much lower freight rate than that which had determined the Carnegie bid. A letter written at this time to Frank Thomson shows the emotion roused by this transaction. Though Carnegie and Thomson had been boyhood chums, the Pennsylvania chieftain is addressed as "My dear Mr. Thomson." "Three successive times," Carnegie informs him, May 5, 1896, referring to his negotiations, "you have promised a definite answer, and I have been put to great embarrassment in consequence of your repeated failure. I intend to sail on the 16th instant, and I have no more time to give to this matter and much prefer that we should be free . . . Now please do not understand this in the light of any threat. I simply tell you the truth that you may not reflect upon me for not being entirely frank. I think the great Pennsylvania has come to a sad condition, when it is not only not willing, but not anxious, to stand behind its own customers and give equal rates per ton per mile to those which their competitors receive. The idea that Chicago can send ten thousand tons of plates to Newport News for three dollars a gross ton, and the P. R. R. Co. tries to get four dollars net a ton [from Pittsburgh]; and that billets reach New Jersey as cheaply from Chicago as from Pittsburgh! If the thousands of idle men in Pittsburgh today knew that this was one reason for their idleness, I would not give much for the receipts of the Pennsylvania road in and around Pittsburgh after a month or two. Even if you do not arrange with us, something must be done soon, or an explosion will take place."

Carnegie now embarked on a third attempt to place Pittsburgh in the "competitive" class. The two previous essays had taught him one lesson, and that was not to project new railroads in partnership, and above all not in partnership with other railroad capitalists, and this time he was proceeding on his own. Control of a broken down property was secured, the Pittsburgh, Shenango & Lake Erie Railroad, extending from Conneaut Harbor on the Lake, to a town, Butler, about thirty miles north of the Edgar Thomson Works. It was now proposed to reconstruct this caricature—for it was little less—into a modern transportation line, and build southward until all the Carnegie mills were reached. Largely owing to Frick's enterprise, the serviceable Union Railway had been built, connecting the several Carnegie properties; it seemed

a feasible scheme to link the new Shenango acquisition with this plant line, which meant that all the works would have independent access to the external world. In its northward progress the revitalized Shenango would articulate with several non-Pennsylvania systems and thus put the Carnegie products in touch with the American nation. At several strategic points, trains loaded with Carnegie freight would neatly slide off the tracks of the refurbished Shenango and find themselves on the Lake Shore, the Nickel Plate, the Wabash, the Erie and other lines. This was the more far-reaching plan, but the immediate purpose was to provide a highway for bringing Lake Superior ore to the blast furnace. Another detail, kept up Carnegie's sleeve, was to build southward into the coke regions, thus depriving the Pennsylvania of its extremely valuable traffic in that commodity. The programme was something new in American railroading; a freight line built exclusively to serve one great property, the Carnegie company and its affiliations. Even the Pennsylvania autocrats, after examining this comprehensive project, took alarm. Following a natural impulse, Messrs. Roberts and Thomson brought their grievance to the sympathetic Frick. Carnegie was behaving most unfairly. How could he contemplate a step like this without giving his ancient playmates an opportunity to be heard? Were they not large purchasers of Carnegie materials, especially rails, and as such entitled to consideration? But probably the whole proceeding was a bluff, whose only purpose was the enforcement of lower rates. Well, the Pennsylvania was prepared to climb down a little; perhaps something, after all, could be done to mollify Pittsburgh. If Carnegie would abandon this unfriendly scheme, Frick was authorized to promise a revision of rates in which the Carnegie company would fare well. Frick, much pleased at this changed temper, suggested that the olive branch be accepted. He telegraphed Carnegie, then in Florida, strongly advocating the Pennsylvania's compromise. The reply came with disconcerting promptness. "Henry Phipps, Jr., and Andrew Carnegie jointly bound. Written guarantee. Contract will be executed. Board is not free to negotiate with the Pennsylvania Company . . ."* Carnegie, when conditions made it

*Minutes of the Carnegie Steel Company, March 10, 1896, both for the telegram and the preceding account.

necessary, could bluff as cheerfully as any man, but this was one of the occasions when his teeth were set.

Perhaps Carnegie was mindful of a personal call made on President Roberts some months previously, before deciding on this programme. At this meeting he had made a final plea for better treatment, giving the Pennsylvania executive a written description of his complaints and requests. Mr. Roberts brushed it aside.

"I have enough business of my own to attend to, Andy," he remarked, refusing to look at the document. "I don't wish to have anything to do with yours."

Carnegie rose in his most frigid manner. "All right, *Mr. Roberts*," he said, accenting the "*Mr.*"—"When you wish to see me again *you* will ask for an interview. Good-morning."

The plan for the new road took immediate form. And now, as he had predicted, Messrs. Roberts and Thomson asked for an interview. For this encounter Carnegie was well prepared. That Western competitors were receiving secret rebates, on the strength of which they went below his bids, Carnegie well knew, but the precise figures were locked deeply in the railroad's archives. This information he was determined to obtain. At that time a young man, and a clever one, George McCague, had charge of traffic matters for the Carnegie company. McCague was summoned and informed that the favorable moment had come to win his spurs. "I must have the exact rebates that are being paid our competitors in Chicago, Cleveland and other places," Carnegie told McCague. "You must obtain them. How you are to get them I don't know and don't care. But I must have them."

As McCague left the presence, promising to secure the imperative details, Carnegie's voice, quoting from one of his favorite plays, *Richelieu*, followed him out of the door:

. . . *From the hour
I grasp that packet, think your guardian star
Rains fortune on you!*

In a brief period McCague placed the desired statistics in Carnegie's hands. From that day to this no one has ever learned how he obtained these, the closest of all railroad secrets. The service

was so great that, in due course, McCague was admitted to partnership in the Carnegie Steel Company. Almost simultaneously with the arrival of this confidential information, came the letter from Frank Thomson requesting a consultation. Safeguarding his ammunition in an inside pocket, Carnegie took the train for Broad Street Station in Philadelphia. The ensuing scene can best be described in his own words:

Entering President Roberts's room I found him and my dear friend, Frank Thomson, vice-president, sitting together. My reception was cordial.

"How are you, Andy?"

"How are you, *Mr.* Roberts? How are you, Frank? Gentlemen, you asked me for an interview and here is the culprit before you. Put me in the dock and question me as you wish."

Frank said: "This is just what we want to do. May I be examiner?"

"Yes," I said. "You are just the man."

"What are you fighting the Pennsylvania Railroad for?" he asked. "You were brought up in its service. We were boys together."

"Well, Frank, I knew you would ask me that question and here is the answer."

I handed him the packet of secret rates and, begging to be excused for a few minutes, left the room, desirous of giving them an opportunity of looking it over together. Upon my return they were still sitting with the packet lying before them.

Frank raised his head and exclaimed: "Andy, I feel like Rip Van Winkle."

"Frank, the Pennsylvania Railroad officials have slept just about as long."

"Well, tell us what you want."

"I don't want anything. I did not ask to see you. You asked to see me."

"Don't talk that way. What do you want? We wish to make an arrangement satisfactory to you. We did not know these things were going on. We can hardly believe it; but we shall now find out. Tell us what you think we ought to do."

I said, "Gentlemen, all we have ever asked was that the rates charged us shall be at all times as low as those which competitors on other lines are paying on the same articles for similar distances. We ask for nothing else. Other lines are carrying freight for our competitors cheaper than you are carrying it for us, and you take part of this freight at cut rates. We cannot stand that. We have never asked for lower rates than our competitors, but we shall never rest satisfied with less."

"If you will stop building that line from the lakes to your works we will do what you ask," was his response.

"Gentlemen, that cannot be. I have agreed to build that line, and certain parties have taken action in consequence of my promise. It has to be built."

Repeated efforts were made to induce me to forego building, until finally I said to President Roberts: "You have just given a rival concern about to build works on your line in Pittsburgh an agreement to give them everything you give us. We make no complaint; but if I had come to you and asked you, Mr. Roberts, to withdraw that agreement, and you had told me you were pledged to give it, I should say no more; I should expect you to keep your word. If abandoning the new line is a condition of anything you will do for us we must part." No more was said upon that subject.

Then came the extension of the lake line we had planned to build from Pittsburgh to our coke ovens. They wished that stopped, and as I was not yet pledged to build it, I said that was a matter for negotiation. The result of that meeting was that I got all I asked for, and greatly obliged the Pennsylvania Railroad by allowing them to retain transportation of our own coke traffic from the coke fields to Pittsburgh. Everything was satisfactorily arranged and we were all "boys together" again. I was the ally of the P. R. R. much to my delight. It was estimated that the agreement saved us about one and a half millions of dollars per year, a very large sum upon our business then . . . It was impossible, I am told, for the railroad company to do anything, however, but charge the regular rates on some of our shipments as made, and at the end of each month to compare these rates with any they had given to others, or which we could show their competitors had given to others, for similar traffic. Therefore, the necessary de-

ductions, if any, that had to be made to us, might be considered in one sense technically "rebates" upon the higher rates charged, although not such in any true sense; for the net result to us was that, according to the agreement, we got just the rates that the Pennsylvania Railroad officials were satisfied our competitors were paying in other districts over other lines.*

Thus, by agreeing to abandon the thirty mile spur to Connells-ville, a side issue which, like a skillful diplomat, he had kept for trading purposes, Carnegie emancipated himself from the huge overcharges that had been paid for years. But the greater undertaking was not abandoned. The independent railway from Pittsburgh to the lakes—renamed the Pittsburgh, Bessemer & Lake Erie—relaxed the Pennsylvania's grip in the transportation of raw materials, and from this time forward it carried little Carnegie ore. In the succeeding years, and now—for the Bessemer line is a much prized possession of the United States Steel Corporation—this highway was the scene of an endless series of trains, taking ore from the Conneaut docks to all the Carnegie furnaces, and returning loaded with coke for the northern market. The fact that the several works, soon after it was built, consumed nearly fifteen thousand tons of ore a day gives some indication of the resultant savings. The road was built in fifteen months, Carnegie subscribing two-thirds of the cost out of his private purse, and so complete was it in equipment, grades, roadbed, in everything, indeed, that makes an efficient, up-to-date carrier, that it became popularly known as "Carnegie's model railroad." For years a rate of "three mills per ton per mile" had been demanded, yet the Bessemer line was soon performing the service at a third that amount, and in the entire mileage of the United States it established a record for the lowest expense in handling freight. Carnegie summed up its significance in a single phrase: "Today," he said, when the first ore train started from Conneaut Harbor to Braddock, "Pittsburgh becomes a lake port." The embarrassing weakness in his system, the distance between furnaces and ore supply, had now been bridged. While the Bessemer line was under construction, vast additional ore fields in the Northwest had been acquired, the richest mines in

**My Experience with Railway Rates and Rebates*, pages 10-14.

the new ranges, the Gogebic and the Vermilion, having passed into the company's already plethoric hands. To transport these and other non-Rockefeller ores a splendid fleet of lake steamers had been built, and thus this one steel company had under its jurisdiction a well rounded transportation system from Lake Superior ports to the works. The effect of these several routes in lowering the prices of completed products can hardly be over-emphasized.

"Pittsburgh is to be once more the best point for manufacturing and marketing steel," Carnegie wrote Frank Thomson, November 12, 1896. "This railroad has saved our property." It had, in fact, saved Pittsburgh as the great American entrepôt for steel. A few years more and railroad discriminations would have ruined it. The Carnegie firm had secured another tremendous asset, the importance of which was to become manifest in five or six years. In order to secure dockage facilities on Lake Erie the Bessemer road purchased practically all the shore front of the town of Conneaut. This was perhaps the first time in history when a single interest had bought an entire harbor, and one of unusual value. When Carnegie heard the news he immediately wired his associates: "Congratulations. Dock worth millions." How many millions even he did not anticipate, but ownership of Conneaut Harbor was one of the main facts which led to the creation of the United States Steel Corporation.

2

MEANWHILE expansion was taking place on the technical side. The possession of natural resources and transportation was indispensable for economies, but equally important were mills and furnaces and machinery of the latest design. "The more I study the situation,"—these words completely sum up Carnegie's philosophy—"the more I feel that our policy is to own every factor in the process of making steel." The times, most ironmasters thought, were hardly favorable for such a comprehensive scheme; business was stagnant, money was scarce, conditions were unpropitious for indulging in luxuries. But, as in 1873, Carnegie insisted that this was the indicated occasion for overhauling the *matériel*. About this time

Carnegie attended a dinner of British manufacturers who, in post prandial oratory, began to jibe about American methods. How superior British machinery was to American! "We have equipment," said one speaker, "that we have been using for twenty years. And it is still serviceable." Carnegie in his speech admitted the truth of the statement. "And that," he added, "is what is the matter with the British steel trade. Most British equipment is in use twenty years after it should have been scrapped. It is because you keep this used up machinery that the United States is making you a back number." Another favorite story related to a visit to an American steel plant made by Sidney Gilchrist Thomas, the English inventor. He expressed regret that his inspection was so brief. "I would like to sit on an ingot for a week," he told his host, Alexander Holley, "and watch that mill operate." "If you want an ingot cool enough to sit on," Mr. Holley replied, "you'll have to send to England for it."

This doctrine of keeping ahead of the times Carnegie now proceeded to put in practice to such an extent that, during the hard times from 1893 to 1898, his furnaces and mills were almost completely rebuilt. A mania for destruction seemed to possess the entire organization. Carnegie expressed the purpose somewhat differently: "A perfect mill," he said, "is the way to wealth." Tearing down antiquated structures and replacing them with new was a pastime in which he took delight. The surplus which more exigent partners begged should be distributed as dividends went into facilities for making steel. When such proposals came up for consideration, only one question was asked: "Would the projected change improve quality and lower costs?" and, on an affirmative answer, wreckers and builders were put to work. "Well," Carnegie would say each January—at least there is a legend to that effect—"what shall we throw away this year?" The Minutes tell an endless story of new installations, the purchase of new properties, the acquisition of new patents. A single episode, related by Charles M. Schwab, sufficiently illustrates Carnegie's state of mind. At Braddock another converting mill was planned. "The Carnegie company had no more funds than its growth required, but I told Mr. Carnegie we could save fifty cents a ton if he would let me build the mill.

"‘Go ahead, Charlie,’ he said, and I went.

"The mill was completed in due time, put in operation, and he came out from New York to see it. I showed him around, explaining how the equipment worked. But he watched me sidewise and suddenly said, ‘You are not satisfied, Charlie. What’s wrong?’

"‘Well, Mr. Carnegie, the mill is doing all that I promised, but if I had to build it over again I could save a dollar instead of fifty cents a ton.’

"‘Can’t you make the needed changes?’ he asked.

"‘No,’ I said, ‘I would have to tear it down.’

"‘Then go ahead; tear it down.’ Which we did, after two months of operation, and built a second mill to save a dollar a ton. That was Mr. Carnegie all over. No complaints, no questions. It never occurred to him to say, ‘Why didn’t you think of that before?’ He knew full well I would have built the mill the better way if I had known how in the first place.”*

This epoch witnessed also Carnegie’s greatest independent contribution to the industry in the United States. The adoption of the basic open hearth process in this country was his achievement. Carnegie’s tardiness in appreciating the Bessemer converter is sometimes held to his discredit. In the main it is true that he was not a pioneer, that he contentedly let others do the experimental work and then, after success became assured, would take up the innovation and develop it on a scale that astonished, almost frightened, more timid souls. In the mechanism which forms the groundwork of the American steel trade today, however, Carnegie was the trail-blazer. It is important also that the introduction of the basic process was a by-product of one of those summer vacations which sometimes caused grumbling among his desk-bound partners. The episode furnishes a splendid justification of Carnegie’s theory that the master of industry gets the most desirable results when his imagination is stimulated by miscellaneous association with his fellow men. Untravelled competitors regarded these European trips merely as pleasure, and had much to say of Carnegie’s neglect of business and his willingness to let others sow that he might reap. But in a great business ideas are more important than office routine; and ideas, picked up perhaps at a dinner table, perhaps in

**Andrew Carnegie, His Methods with His Men*, by Charles M. Schwab.

chance conversation on a boat or railway train, perhaps from meeting statesmen or scientists, or a tour of foreign plants, were what counted. The adoption of the basic process illustrates the method at its best.

About the year 1880 the serious defect of Henry Bessemer's invention was proving embarrassing to British craftsmen. That defect, as already explained, was that ores high in phosphorus could not be used. Ironstone that contained more than .02 per cent. of the obnoxious element was not transmutable into steel. Only a small proportion of the world's supply met the Bessemer requirements, and apparently millions of acres were doomed to neglect. The difficulty was not so pressing in the United States as in Europe, for the Lake Superior region gave sufficient quantities of what had come to be known as Bessemer ore, but even in this country there remained extensive areas whose too abundant phosphorus placed them outside the pale. The crisis was particularly severe in England, where nearly all the iron was tainted with this debilitating substance, British steelmakers being obliged to import their material from Spain and Sweden. The greatest metallurgical chemists, working for a quarter of a century, had failed in solving the problem, and the very existence of the British steel business was at stake. Unless some genius could unravel the mystery of dephosphorization the great iron beds of Britain would lie useless, and the fatherland of steel sink into insignificance. Yet everywhere the men of science shook their heads and admitted failure.

The news that now reached Carnegie, while sojourning at Rome, was the kind that always started a sympathetic chord. The genius that revealed itself in unexpected places inevitably stirred his interest. He learned that a man of twenty-nine, not university trained, not a professional chemist at all but a studious amateur who gained his living as a clerk in a London police court, had answered the riddle. His unfamiliar name, now enshrined as one of the saints of modern industry, was Sidney Gilchrist Thomas. After living a laborious day in law chambers, Thomas for several years had been accustomed to return to his lodgings, spend late nights over a miniature converter, seeking to find some artifice by which the phosphorus could be extracted from the boiling metal. That "toy-pot" Carnegie afterward said, "deserves to rank with Watt's

tea-kettle." Thomas's discovery was that, at an exceedingly high temperature, the phosphoric atom, whose affinity for iron made all the trouble, suddenly became fickle and deserted it for lime, if there were any lime within reach. He therefore lined his little converter with this tempting material, turned on the heat, and, sure enough, the particles of phosphorus started scurrying from the iron and seized the bait so cleverly set. However, there was still an apparently insuperable difficulty. The heat required to make the phosphorus seek its new companion was so intense that it calcined the firebrick sides of the vessel and reduced the converter itself to a mass of molten metal. By tireless experimentation Sidney Thomas succeeded in evolving a protective inner wall that withstood this incandescent temperature. Hence the "basic lining" of which so much is said in the annals of steel. A sad part of the story is that Thomas fell a victim to his own researches. Intense application so weakened his frail body that, a few years after his triumph, at the age of thirty-five, he died of tuberculosis.

Carnegie immediately sought Thomas's acquaintance, inviting him to join the coaching party of 1881, and the inventor, with his sister, became guests for a few days. The young man's modesty, his wit, his intelligence and his personal charm delighted Carnegie and all his friends. This meeting, a mixture of gaiety and dephosphorization, is recorded in *An American Four-in-Hand in Britain*: "It was this pale Gladstonian-looking youth we had with us for the day and for our Sunday evening dinner at Windsor. He wears no title, but we felt we had one of the great men of our generation as our guest. If it be true, as it is, that he who causes two blades of grass to grow where but one grew before is a benefactor to the race, what is the magician who takes from the bowels of the earth a ton of dross and transforms it into steel before our eyes?" "The first thought that flashed through my mind when I saw him was, 'He is a genius.' I never saw one who so completely separated in himself talent from that indescribable thing we call 'genius.' I cannot think anyone would use the word 'able' or 'talented' in connection with him. All about him seemed extraordinary. Appearance, manner, dress, voice, gesture, all said without saying, 'Listen to me, attend! I am not of the routine world, I walk no beaten track; from the unexplored and unknown I bring you fruit.' He did

not need to speak this; his manner and gaze made you see and feel it. He had only to appear and we bowed before his power. I have never met a man who carried me so completely away as Sidney Thomas did."

Carnegie paid Thomas \$300,000 for the American use of his patents, assigning the privileges, at the same time, to the Bessemer Steel Association, a group of ten or so American manufacturers originally formed to control the Bessemer patents in the United States. The Thomas process, that is, was not held as a Carnegie monopoly but was placed at the disposal of the American steel trade. The succeeding history recalls the difficulty that delayed the introduction of the Bessemer mechanism, for just as an American, William Kelly, had contested Bessemer's priority, so another American, Jacob Reese, claimed the discovery of basic steel. After years of litigation the basic controversy was settled in the same way as the Bessemer, Reese's patents being purchased and combined with the Englishman's. But there were other impediments to its immediate adoption. The basic lining in the Bessemer converter was not uniformly successful. Now another discovery, almost forgotten in the glamour that had attended Bessemer, was given a new lease of life. As far back as 1861, a German, Charles William Siemens, had invented the open hearth furnace, a device that made little progress because the steel produced in this manner was too expensive. About 1885, English engineers—it must be granted that Englishmen seemed always in the van in the development of technical details—found that the basic lining, installed in a Siemens open hearth furnace, turned out a marvellously pure and ductile metal, still somewhat more costly, it is true, than the Bessemer variety, but so superior in quality that it rapidly came into use. The high phosphorous ores of Great Britain suddenly became valuable and a great stimulus was given British plants. Again Carnegie's summer vacation served him a good turn. On one of his English trips he learned of this new application and witnessed the resuscitated open hearth in action. Returning to Pittsburgh he called the young man who had become his favorite lieutenant. "Schwab," he said, "suppose you test that experiment and see if it is all right." The outcome of this proceeding was that the first basic open hearth furnace in the United States was installed at Homestead, in March,

1888. In a few years many bridge-builders, boiler makers, architects and shipwrights would accept no other kind of steel, and by the year 1896, the time when Carnegie's reconstruction talents were at the peak, the glory of the Bessemer converter was already dimmed. From 1896 to 1900 the dismantlement of the pear-shaped volcanoes that had ushered in the age of steel, and the erection in their stead of the quieter blue-bubbling crucibles that heralded the new era, was one of the chief occupations of the Carnegie company. Henry Bessemer's design represented a large investment, but a better method had appeared and this was a sufficient reason why the old should give place to the new. The change coincided with the leasing of the Mesabi and other territories—estates that, while containing large quantities of Bessemer ore, also concealed plentiful amounts of iron high in phosphorus. When prosperity once more visited America the Carnegie works, especially Homestead, were completely equipped with open hearth. This is now the all but universal system of making steel. But the Bessemer converter dies hard; for twenty years its gradual thrusting aside has been a pitiful spectacle. Here and there the old-fashioned vessel is still heaving and shrieking, a few are still laboring twenty-four hours a day in the Carnegie works, but the end is fast approaching. For every twenty tons of steel made at the present time in Bessemer's way, one hundred are turned out by the open hearth. The great plant built by the United States Steel Corporation at Gary, Indiana, does not include a single converter. The time will come when the fiery cauldron which launched Carnegie on his career in 1873 will find its appropriate rest in the museum.

3

IN THIS same period Carnegie similarly carried to perfection his principles of management and organization. They came to full flower about the year 1900. It was this department—the human department—that above all he made his own. All phases of technique he highly esteemed and cheerfully left to others, but the humanization of his now enormous enterprise was regarded by Carnegie as his peculiar talent. "That most complicated of all pieces of machinery, man," he said, "has been my province."

Though he liked to glorify a capable assistant as a "genius," Carnegie believed profoundly in the average man and took particular delight in discerning ability which the less observant had passed over. An illustration used in this connection will probably strike the modern corporate era as incongruous. A Gloucester fishing fleet, starting for the Grand Banks, seemed to have discovered the secret of business success. "I never see a fishing fleet sail without pleasure, thinking it is based upon the form which is to prevail generally. Not a man on the boat is paid fixed wages. Each gets his share of the profits. That seems to me the ideal . . . A crew of employ  s versus a crew of partners would not be in the race."*

As captain of the Carnegie fishing fleet the "absent partner," as he is usually referred to in the Minutes, occupied a mighty eminence. The majority ownership gained in the eighteen seventies, when panic stricken partners insisted that he assume their interests, was never surrendered. All Carnegie retained was something slightly in excess of half, dangling the other half as a tempting bait before the eyes of his co-workers, using it to spur them to their finest efforts, and above all to bind them inalienably to the firm. This latter gain was one of the greatest the partnership system had over the corporation. "A man who is a partner is fixed for life. It is a steady thing. A man may buy stock today and sell it tomorrow. It is mobile and it does not tie his name to it and his life to it."† "He seems alarmed about matters," Carnegie wrote Frick, referring to an associate who had criticized him for "undue generosity" to budding genius. "Thinks we give young men interests unnecessarily large, and favors 'getting in capital' [that is, selling stock to outsiders]. In other words, he would make the firm like a corporation. The secret of our success is that we have done just the opposite and I have written him that, next to taking care of our own families, I think our young partners have the greatest claim on us old fellows, for whom they are working, making fortunes."‡ Another letter shows the importance Carnegie attached to the plan, and the care with which he considered each man's claim to promotion.

*Presidential Address, British Iron and Steel Institute, 1903.

†Stanley Committee, page 2467.

‡To Henry Clay Frick, October 9, 1897.

To Henry Clay Frick

December 30, 1896.

MY DEAR MR. FRICK,

. . . I think it is a nice thing to do, to give Curry back his one-half per cent., thus restoring him to his former position.

The first Vice President is worth the two per cent., and Mr. Phipps* should have it as agreed upon.

Mr. Leishman said something to me about agreeing to double Mr. Wightman's interest after awhile; but I said he should first be tried for a year. I did not know he had one-third of one per cent. It would not do to increase his interest much when the head of the department has only two-thirds.

One-third represents so much more than it did before that I think it would be well to start beginners with one-sixth.

There is one man I should like to see given one-sixth—Mr. Corey. He is worth it, having secured reforging. Besides, I understand he has a credit at the Firm, as Mr. Clemson had, and I hope he will be given one-sixth. We should still have some undivided stock left over after doing so. Perhaps there are one or two others who deserve sixths. Every year should be marked by the promotion of one or more of our young men. I am perfectly willing to give my interest for this purpose, when the undivided stock is disposed of. There is Miller at Duquesne, and Brown, both of whom might get a sixth. It is a very good plan to have all our heads of departments interested, and I should like to vote for their admission with Mr. Corey; and if there is a sixth left perhaps Mr. Kerr of the Edgar Thomson blast furnaces deserves it. We cannot have too many of the right sort interested in the profits.

What says the good book? Something like this: "There be those that scatter and yet gather; there be those that gather and yet scatter it abroad." I should like to see all these interested and next year I shall be glad to give for others.

Always,
A. C.

*Lawrence C. Phipps, nephew of Henry Phipps, Jr.

These fractions, one-half, one-third, one-sixth, refer to subdivisions of one per cent. At this time, 1897, Carnegie owned $58\frac{1}{2}$ per cent. How far he towered above the rest appears from the fact that Henry Phipps, the next largest owner, held 11 per cent., Henry C. Frick 6 per cent., George Lauder 4 per cent., and Charles M. Schwab 1 per cent. Below them there were twenty partners, all possessing less than 1 per cent., four of them one-ninth of 1 per cent. The proportions look minute, yet when the earnings are considered the result assumes a different aspect. In 1898, for example, the profit available for dividends was \$21,000,000, so that Mr. Schwab's 1 per cent. meant \$210,000 added to his salary. Such rewards for rising young men aged thirty-five were not intolerable. Others, who had only recently graduated from the two dollar a day laboring class, found one-third, one-sixth, or even one-ninth of such an interest something not to be despised. This was what Carnegie meant by "taking care" of his bright young men and "tying them to the firm"; it was an especially ingratiating part of the "humanization" in which he so earnestly believed. That foresight was displayed in selecting these blue ribbon candidates the letter printed above makes apparent, for here a future president of the United States Steel Corporation, William Ellis Corey, and a future vice-president, D. G. Kerr, emerge from obscurity. These and all the others admitted started at the bottom. Carnegie would not refuse a chance to bearers of letters of introduction, but an opportunity, he maintained, was all they ever received. Job-seekers of this type occasionally turned out brilliantly, but most of them, after a reasonable trial, vanished into darkness. One day a linen salesman in New York came with a letter from Uncle Lauder. That the applicant, Alexander R. Peacock, was a Dunfermline man did not prejudice Carnegie against him. "What would you give if I should make you a millionaire?" he asked, after discussing old friends and living again the incidents of his youth. "Ten per cent. discount for cash," Mr. Peacock promptly replied. Such a retort would in itself secure an opening with Carnegie. Mr. Peacock made rapid progress, became the head of the Carnegie sales department and was ultimately advanced to a two per cent. partnership.

In this Carnegie republic the fifty-eight per cent. proprietor held no position of honor. Carnegie was never an officer, a man-

ager, or even a director. He was seldom present at the weekly sessions of the Board. "I do not ever remember attending an annual meeting," he informed the Stanley Committee in 1912.* All titles and gewgaws he left to others; to him it was sufficient to remain for thirty years the undisputed Boss. Thus, the company Minutes, like everything else pertaining to Carnegie, are brimming with life, having little in common with the stilted record that suffices for most transactions of the kind. They resemble Hansard's *Parliamentary Debates*, or they might be described as a compendium of Platonic dialogues with the philosophy of American business as their theme. Though Carnegie is seldom in evidence corporeally, his spirit, nervous, inquiring, cheering, can be felt upon practically every page. The very form comprises part of the plan for keeping the organization on tiptoe and maintaining its composite intellect in an unsleeping state of cerebration. Each subject proposed inspired discussion, and every member's remarks were enshrined, not in indirect discourse, but in his quoted words. No manager could escape immortalization, for each one's opinion was asked seriatim and stenographically noted. "We want every motion to show who voted for it and who voted against it," Carnegie instructed Schwab. ". . . The Minutes should, in addition to this, record every reason or explanation which a member desires to give. If this were properly done then any of us looking over the Minutes would be able to judge of the judgment displayed by the voter, which of course would affect his standing with his colleagues. It would bring responsibility home to him direct. The Minutes cannot err in being too full, the fuller the better. They can err in being too much curtailed."† And so it happens that the Carnegie Minutes, technical as the contents are, teem everywhere with personality. The characteristics of each partner stand out clearly as in a well written play. Here is Henry Phipps, cautious, penetrating, conservative, especially alert in matters of finance; Frick, abrupt, downright, grim, occasionally cynical; Lauder, quiet, thoughtful, deliberate, anxious always for the views of "absent partners"; Schwab, dashing, self-confident, quick to decide, vain, sensitive to criticism; Morrison, brief-spoken, exact; and Peacock,

*Page 2458.

†To F. T. F. Lovejoy, secretary Carnegie Steel Company, December 9, 1895.

animated and optimistic, as a good salesman should be. That Carnegie studied these Minutes analytically is apparent. What interested him above all were the personal qualities disclosed. In this way he learned who were making wise suggestions and who foolish ones. The rhythm of the organization was perfectly attuned; the relation of one partner to another, the reciprocal judgments they were instinctively passing on their comrades, the members who were generally harmonious and those who were jarring—this information Carnegie had constantly in view as he studied the written proceedings of his little senate. The "spy" partner, who surreptitiously keeps the head man informed, is an odious feature of many enterprises, but such a go-between was unnecessary in this case, for the whole story was told in above-board manner.

Carnegie was a fanatic on precision; general statements annoyed him; "impressions" instead of facts made him angry. "Figures, my friend, figures!" he admonished Schwab in a long letter, protesting against certain "slap dash" recommendations. At a particular meeting—one of his rare attendances—he sat quiet for a considerable period while the claims of several applicants for promotion were discussed. "He's doing good work," was the argument most frequently urged. Finally Carnegie broke in. "Don't tell me that a man is doing good work," he said, "tell me what good work he is doing!"

"How much did you make last month, Frank?" he asked his friend, Frank N. Doubleday, referring to progress in his new publishing house.

Mr. Doubleday explained that in an undertaking like his it was impossible to prepare statements more than once a year.

"Do you know what I would do if I were in that kind of a business?" asked Carnegie.

"No."

"I would get out of it."

Mr. Doubleday adds that this sharp comment, made on the golf field, profoundly affected his business career, for it caused a revolution in his bookkeeping system, making possible accurate monthly reports. The same thirst for information and insistence on detailed and immediately available accounts appear in the weekly Minutes of the Carnegie company. This stenographic narrative

was an important event in Carnegie's existence. Unless the résumé came promptly the secretary would receive a telegram tartly pointing out his delinquency. How carefully the "absent partner" read and pondered the contents is evident, for after due consideration he would dictate his impressions and forward them to Pittsburgh. These "Thoughts on Minutes" form a vast literature in the existing annals of the concern. They manifest all the man's various moods, genial, appreciative, enthusiastic, as well as his less conciliatory phases, for Carnegie's criticism could bite deeply and he would pounce on an error with an avidity that frequently made the victim squirm. He was apt to be harshest upon men for whom he had the greatest liking, Schwab, for example, coming in for many a fatherly wiggling. Yet few escaped. Every page contains severe personal references, interspersed with the kindest felicitations. It may be profitable to reproduce a few specimens. "Mr. Hunsiker's interesting but very detailed reports occupy far too much space. There is a good deal of repetition in them. It is not possible that Mr. Hunsiker can have anything interesting to say every week." "Mr. Schwab's reply to Moreland's figures is not thorough. He jumps at four per cent. decrease, which is a mere guess. He should go thoroughly into this question and solve it by proof." "I do hope you will come over to Cannes and bring Mrs. Schwab with you. There is no couple in the world that would be more welcome than you." "Have just wired to stop Homestead Library. The spectacle of one building libraries when he gets such statements would be bitter indeed." "I shall have you all over to Cluny, if you are good boys and don't go into foolish beam pools." "Mr. Gayley will make a good furnace manager and he should be relieved from all other duties until he gets the Homestead plant where it should be." "I notice that the Board has been engaged in the delightful task of making dividends ahead of time. I only wish, when the time comes, that we may have money enough to pay on these. It does not look so to me." "Even if the President [Schwab] is right, his mode of action was wrong. Any plan involving a serious change in the works, product or method, should be submitted to the Board not for action, but first for study." "Hearty congratulations on August net. Great!" "Clemson's report on our gas properties admirable. Deserves the encomium of the Chair-

man." "Please convey my congratulations to all the connection for the magnificent effort of last year, upon which we can plume ourselves until this time next year, when it will seem a very poor return upon capital."

How gracefully Carnegie would acknowledge a fault appears from a letter to his chairman, William L. Abbott, who had bid for plates on the battleship *Maine*—the vessel whose destruction led to war with Spain. The majority owner thought Mr. Abbott's bid an absurd one and had written, roundly scoring it. Mr. Abbott retorted with vigorous independence, submitting details to prove that he was right.

To William L. Abbott

Cluny

August 13, 1888.

MY DEAR BOY:

On the *Maine* I cave. You did well, and let me say that your letter is creditable as a literary production. Not one superfluous word and all excellent English.

I read it to the Rt. Hon. John Morley and he agreed that it was really wonderful as a literary production.

When I resign as the d——d literary fellow partner I begin to think my mantle will fall on you.

Yrs.

A. C.

Mr. Abbott was not the only partner who returned Carnegie's *obiter dicta* with interest. "They frequently gave me a sound thrashing," he once said, "and I always enjoyed it when they beat me in an argument." He maintained that no important step was taken except as a result of thorough deliberation, yet an impulsive determined man like Carnegie on occasion inevitably became a despot. Partners still like to recall the repartee that enlivened a luncheon party given by Carnegie to a group of English visitors at Homestead. "We are all a happy and harmonious family here," Carnegie said with a sweep of his arm. "Nothing important is done except by

unanimous vote!" "God help the man who isn't unanimous," one of the company murmured in tones sufficiently audible to carry around the table. Numerous anecdotes of similar type show that there was nothing cringing in the behavior of the "Carnegie Associates." They were no group of fawning weaklings. They were as restless, as emotional, as keenly alive, at times as contentious, as the supreme master of them all, and unfavorable comment from Cluny, when regarded as unjust, was not supinely accepted. The perpetual thrust between Scotland and Pittsburgh had its entertaining moments, the circumstance that adverse criticisms were transmitted to the majority owner—in the Minutes—never acting as a deterrent to free speech. An instance in point was a long dissertation, in Carnegie's best style, pretty roughly castigating the whole crowd for a multiplicity of errors. In the ensuing debate in Pittsburgh the agreement was fairly general that the objections were well taken, but several victims solaced themselves by suggesting matters in which Carnegie himself had gone astray. After prolonged discussion Frick wound up the symposium: "I think we have blundered about in proportion to our interests in the concern."

4

SUCH were the increments which thirty years unsleeping vigilance had given the Carnegie stronghold. The greatest progress came in this expanding decade, 1890–1900. Despite economic depression the last ten years of the nineteenth century, seen in historic perspective, were really a time of preparation for an era of unparalleled material triumph. The average business leader, even the leaders in steel, did not perceive this fact; it was Carnegie's keenness in envisaging the future that made possible his overflowing returns. It is well at this point to recapitulate the advantages with which the company awaited the approaching harvest. In Connellsville it possessed a wealth of coal which no contemporary on either side of the Atlantic could duplicate. In Lake Superior it controlled the largest and the purest beds of ore the world had ever known. On the Lakes it had a splendid fleet of steel ships for transporting these riches to Lake Erie ports. From Conneaut Harbor to Pittsburgh extended the railroad which not only brought supplies to the

works but freed the company from the exactions which had previously involved unremitting sacrifice. In equipment the Carnegie plants represented the highest performances of the chemist and the engineer, and an organization that was the marvel of the trade. There were no large issues of water, no stocks and bonds upon which dividends and interest must be earned. Using these instruments, human and material, the restless genius in command now embarked on his final campaign—a campaign so masterful and hard-hitting that the greatest of American industries has hardly yet recovered from the impact.

The Carnegie company held the steel business of America in its grip. On this point no one was left in the slightest doubt. It could make better steel and cheaper steel than any rival; why not reap the fruit of this achievement? In distributing wealth Carnegie was benevolence itself; in accumulating it, however, the softer virtues played little part. It was war, and war to the hilt. He once explained this distinction before a Congressional Committee. "It is the business of the manufacturer," he said, "to get the highest price he can get. I was in business to make money. I was not a philanthropist at all. When rails were high we got the highest prices we could get. When they were low we met the lowest price we had to meet."* That Carnegie was a pitiless competitor is true, yet one fact should be noted to his credit. His foes were worthy of his most determined efforts. He was no beast of prey roving the field for victims weaker than himself. Not a single industrial door was ever opened to Carnegie: he hammered his way through every one. The giants attacked were such concerns as North Chicago (afterward the Illinois Steel Company), Joliet, Jones & Laughlin, Cambria, Bethlehem and Pennsylvania—all stronger and richer than Carnegie when he came crashing into the fold. He outdistanced the entrenched aristocrats early in the story; but his competition seemed to have as tonic an effect on them as on himself. Observe that all the steelmakers listed above are in business at the present time. No industrial ruins or shattered fortunes mark the little Scotsman's rise to eminence. He was simply first among a prosperous group that rose to great power, which they still retain.

Yet fierce as were the rivalries in American steel, an onlooker

*Stanley Committee, page 2424.

would have thought that, in the first twenty-five years, the several parties to the struggle were a happy family. At times the extent to which competition was stilled became a public issue. The student is astonished at the literature of compacts, treaties of peace and the like which, to outward appearance, bound manufacturing units in one smoothly working organization. "In those days," remarked the reminiscent John W. Gates, "we used to have a few agreements."* The recollection was good natured but cynical. In an earlier chapter reference has been made to the "pools" that existed in early Edgar Thomson days; with the progress of business this system grew more pervasive. In the nineties there were rail pools, beam pools, plate pools, nail pools, wire pools, billet pools and the rest. The undisguised intention was to control the market, abolish competition and maintain prices. Practically all American industry was ruled by compacts of this sort, the greatest offenders being railroads—if offense indeed it were, for modern economic thought upon this subject differs considerably from the outcries that filled the hustings in the last quarter of the nineteenth century. Yet even in this dark age competition was not stifled to the extent the orators proclaimed. The reason, sad to relate, is that the regulations governing "pools" were not always scrupulously observed. "I went into this business in 1880," said Charles M. Schwab, "and for the next twenty years I heard of agreements of this sort every few months in some direction. Most of them were never consummated, many of them lasted a day, some of them lasted until the gentlemen could go to the telephone from the room in which they were made, and some of them lasted a longer period."†

When times were prosperous, when steel was "prince," the confederation held together fairly well. Business was plentiful, prices were high, and everybody was happy. But when steel was "pauper" troubles broke forth. Orders were not abundant enough to go round and a subterranean scramble ensued. Carnegie's impatience with agreements of this sort has already been described, and the hostility increased as his ability to manufacture cheaper than the other pool members became more marked. "Take orders and run full," was his unvarying motto. Such a policy did not necessarily in-

*Stanley Committee, page 43.

†*Ibid.*, page 1288.

volve a disregard of one's written word, for "pools" provided that any firm could withdraw on notice. When times were hard and the alternative to high prices was closing mills and throwing thousands out of employment, constitutional notice was commonly given by the Carnegie works. The advantage of Carnegie management was that, even at reduced prices, a profit could still be made, and decreased earnings were regarded as preferable to suspended operations. "I hope you can keep up sales," Carnegie wrote to William L. Abbott. "If low in plate orders, nails, wire or anything else, go under the market a shade and scoop orders, especially for cash to stray parties. No risk. We must run full for several months and get easy. After that plenty of profit." The injunction could be duplicated many times. It was the recognized Carnegie policy—"Take orders and run full." Inasmuch as reductions would have spelled bankruptcy to less capably managed firms, the policy gave Carnegie the field. But it made his company exceedingly unpopular with rivals.

The competition of an earlier period was a summer's breeze compared with the storm that came in the eighteen nineties. The panic of 1893 was the precursor of a poverty-stricken epoch and was therefore an unfavorable time for trade arrangements. One morning Carnegie dropped in on Abram S. Hewitt, a large manufacturer and fellow pool member.

"Hewitt," he said, "I am tired of this beam pool and I'm going to get out of it."

His amiable friend protested.

"You have no ground for complaint," he remarked. "See the profits you are making."

"That is not enough," said Carnegie. "I can make steel cheaper than any of you and undersell you. The market is mine whenever I want to take it. I see no reason why I should present you all my profits."

Carnegie withdrew and his earnings next year increased nearly four-fold. He followed this by notifying the steel rail pool that, after the constitutional three months, he intended to go it alone. The market fell with a terrible crash and demoralization in prices followed, but again the Carnegie Steel Company displayed ability to produce at an extremely low cost. From this time forward pools

and agreements played little part in Carnegie's existence; for the rest of the century steel was an open field, war raged fiercely and prices were murdered continuously. The Carnegie group proposed to realize on the painstaking work of thirty years, and soon all other companies were scurrying about seeking ways of curbing the onslaught, yet always meeting the solid wall of disagreeable fact: Carnegie could sell, and profitably sell, at prices they could not meet. To combat the ogre, trusts and amalgamations became the order of the day. These too proved ineffective. As Carnegie wrote John Morley in a passage already quoted, "These huge combinations are really at our mercy." "Concerns that are losing money," he said at another time, "seek consolidation somewhere, and 'consolidation' sounds so much like 'consolation'! I suppose it is like 'Mesopotamia' in effect, a very comforting word." The competition hit most grievously the Illinois Steel Company, Carnegie's greatest rival, which barely escaped receivership. The simple explanation, Mr. Gary said, was that the Illinois Steel Company could not make steel so cheaply as the Carnegie works.* The versatile John W. Gates and Mr. Gary might issue millions of watered stocks and bonds, but these paper assets were insignificant when placed beside the coke fields, the iron deposits, the rail and steamship lines, the new and perfect plants, or the Fricks and Schwabs and Morrisons and Gayleys and Peacocks and Coreys—to name only a few—that made the Carnegie company so expert and so powerful.

The revival of trade, following the election of President McKinley, began with full effect in the latter part of 1897. The accession of prosperity came with a rush almost as precipitate as its downfall four years previously. Just as the collapse of the railroad system had been the most disintegrating influence in the depression, so its resuscitation, in the closing years of the century, initiated a new chapter. American farms began to pour their crops into Europe on an unprecedented scale, and American factories, inert for nearly five years, suddenly sprang to life. The populace, after a long agony of privation, found its pockets full of money. Workmen who had been standing before soup houses now filed by

*Elbert H. Gary, testimony in suit to dissolve the United States Steel Corporation, page 5349.

thousands to their neglected benches and American investors began buying British and German bonds. Manufacturers, producing beyond the needs of the domestic market, were presently "dumping" in a foreign field, while campaigns against the "American invasion" filled the British press. On the continent there was even greater alarm. "European nations must close their ranks," said the Austrian Chancellor, "and fight shoulder to shoulder in order successfully to defend their existence." What agitated transatlantic observers above all was the giant stride of American iron and steel. Of this, the chief beneficiaries were Carnegie and his friends. In 1900 the steel output of Great Britain was close to five million tons. In the same year the Carnegie Steel Company produced four million tons. That is, this one American plant was manufacturing almost as much as the total output of the United Kingdom. Of the ten million tons made in the United States Carnegie was responsible for nearly one-half. And for Pittsburgh it was not only the age of steel; it was an age of gold. The annual profits of the Carnegie company tell the story. In 1896 they amounted to \$6,000,000; in 1897 they reached \$7,000,000. Now the Carnegie preparation began to yield results. In 1898 the books showed a balance of \$11,500,000; in 1899 this rose to \$21,000,000; finally in 1900, Carnegie's last year in business, the profits aggregated \$40,000,000. Of this the "absent partner's" share was not far from \$25,000,000.

This rapid enhancement of earnings had been accompanied by a steady decline in the price of steel. "Three pounds for two cents"—such were the quotations at the Carnegie mills. Steel rails, to instance a single item, which were selling for \$160 a ton in 1875 when the Edgar Thomson began, were sold in 1898 for \$17 a ton. It would take a long excursion into the American social and economic organism to explain the meaning of this decline. A new material, the basis of modern existence, had been added to the world's resources. Steel, made by the pound before the Civil War, was now turned out by the train load. Nor was there an aspect in life in which it did not play an important part.

It was the boast of a Roman emperor that he had found the Eternal City brick and left it marble. Similarly Andrew Carnegie could say that he had found an America of wood and iron and had turned it into steel.

Chapter III

TRIBULATIONS OF THE "IRON CLAD"

1894-1899

GRATIFYING as was Carnegie's achievement, the overshadowing problem remained. What was to become of the industrial power he had created? The question was a perplexing one. In Carnegie's mind it took the form of selecting an outstanding leader to succeed to his own control, a distinction for which, in the early nineties, only one man seemed qualified. "I have told you of my desire to sell to you and my partners"—so runs the draft of a letter to Frick in December, 1894—"and I only waited until our affairs were in order when such a proposition could be made without adding to your cares . . . You are yet young and should be my successor as chief owner, a post I have told you I aimed at your being and left it to you to say when you felt the company was ready to take my interest."

Presently, however, the idea of making Frick commander-in-chief became less obvious. In certain respects the chairman possessed the necessary talents. He was able, highly executive, industrious and far-seeing, yet at the same time he had evinced temperamental failings which, in Carnegie's view and that of his associates, made him impossible as master of a great concern. Carnegie and Frick had one characteristic in common: they were both autocrats; Carnegie, however, was the most genial of despots, bending men to his will by an unfailing charm, while Frick was rough-shod, domineering, unendowed with conversation, ruling by the brute assertion of personal force. Frick lacked the quality which Carnegie regarded as the first requirement of leadership: he inspired little loyalty or affection in his subordinates. This failing is responsible in part for

the quarrel between Carnegie and Frick—a quarrel that has become a celebrated episode in the annals of American business. Carnegie's version of these troubles has never been published; for twenty years he observed a silence that puzzled his friends, but which is largely explained by a constitutional tendency to put aside unpleasant memories. He was capable of anger, but he did not cherish grievances. He lived in the present; the transactions of yesterday, especially if the recollections were disagreeable, quickly faded from his mind, and the attacks made upon him by Frick's defenders Carnegie never even read. His documents, however, contain a good deal of material bearing upon this subject. From them can be recovered the events that fairly picture Carnegie's motives in this personal drama—a task to which he did not care to set his own hand, but which necessarily forms an important chapter in his story.

So far as the American public knew, the Frick-Carnegie battle took place in the winter of 1899-1900, a popular belief prevailing that ill feeling engendered by the Homestead strike was the tinder that eventually resulted in a great explosion. Only to a degree is this well founded. There was not one crisis in the relations between Carnegie and his partners and Frick; there were three well defined emergencies, any one of which, under ordinary conditions, would have ended in a permanent rupture. The first, that of 1887, has been set forth above.* A strike was pending in the coke fields; the directors of the Frick Coke Company voted to meet the employes' demands and resume operations; Frick, thus overruled, resigned the presidency, boarded a steamship and sailed for Europe, leaving the affairs of his favorite business in confusion. At the time Carnegie was absent in Scotland; there is not the slightest doubt that he approved the action of the Frick board, though the dispute was one between John Walker and Henry Phipps on one side, and Frick on the other. That Frick, if he found himself unable conscientiously to carry out the instructions of his board, could appropriately resign, was unquestioned; but the temper he displayed, both in his discussions with Walker and Phipps preceding the separation, and the precipitancy of his withdrawal and departure, caused a painful impression. That Henry Phipps was obliged to

*See ante, Vol. I, p. 379.

step into the breach and assume temporarily the management of a business—that is, the coke business—with which he was unfamiliar, did not lessen that gentleman's indignation. The performance, in his opinion and that of Mr. Walker, indicated irresponsibility and a disposition to sacrifice the property to momentary anger. A memorandum gives Carnegie's views. "The first serious trouble," he wrote, "occurred when he [Frick] occupied the position of President of the Frick Coke Company and suddenly threw up its duties, leaving the business without a head, because his Board dared to differ with him upon a serious question of policy. I was travelling abroad at the time, but, upon my return, had to take up the situation. The strongest interest in the Frick Coke Board protested against his being reinstated. His duty was clearly to resign, to take effect at the earliest convenience of the Board, and to continue to perform his duties until the Board could provide a substitute. It shook my confidence for the first time, as being a man liable to outbursts of passion, and to that extent unsafe to entrust great interests with, but even in the face of the opposition of my partners I urged that he should be reinstated, thinking that surely he could never be so rash again."*

The trouble was patched up, Carnegie serving as peacemaker between his partner and their associates. His motives were not entirely disinterested; Frick was an able man, the ablest in the coke business; Carnegie, always direct and practical, cheerfully waived what he regarded as childish manifestations in view of Frick's value to the concern. Frick was willing to be reconciled, for, as always after a temperamental eruption, good sense and ambition gained the upper hand. Not only did he resume the old familiar duties, but, in two years, Frick became chairman of Carnegie Brothers & Company. This elevation was most distasteful to the junior partners. They feared Frick and believed him to be domineering and vindictive; they had never found him companionable, or regardful of their interests, and—for the full truth must be told—they were probably somewhat jealous. "Owing to the death of my brother"—so runs Carnegie's memorandum—"who occupied the

*The memorandum from which this and following quotations are taken was drawn up by Carnegie in March, 1900. It is a paper prepared for the use of his lawyers in the pending Frick equity suit.

position of Chairman of the firm, followed in 1887 by the death of my friend and partner, Mr. Stewart, his successor, and this in turn followed by the serious illness of my friend and partner, Mr. Phipps, who was then Chairman, the firm was at a loss for a suitable man to fill the office. It has been my department always to study how changes should be made. I have always tried to have a second line of defense, someone that I thought could take the place of another head. Mr. Frick knew nothing of the iron and steel business, but, as he had made a success as a coke manufacturer, I decided that, all things considered, it was for the interest of the Company that he should be given a trial. Against very strong opposition from my partners—it was at last decided that they would acquiesce in my recommendation—Mr. Frick was appointed. My lifelong friend and partner, Mr. Henry Phipps, begged me to take from him eight per cent. of his interest in the firm, by the books, as he did not want to have so much of his capital in the Carnegie Steel Company. I did so. I offered to transfer the said eight per cent. to Mr. Frick, upon the same terms as I had received it from Mr. Phipps, namely, at the books. He accepted this."

Thus the first phase of the struggle shows Carnegie as Frick's champion against the hostility of his partners. Yet the time was soon to come when the qualities that had so alienated the co-workers were to prove disturbing to Carnegie himself.

2

THAT Frick, as manager, justified Carnegie's foresight, is evident; the circumstance that, on the merger of all the interests in 1892, he became executive head, is a sufficient testimony to success. The Homestead strike, which immediately followed, brought a coolness between the majority owner and the chairman. Carnegie's attitude in this crisis had been correct enough; he had supported his chairman officially and declined, in face of enormous pressure, to supersede him; yet his disapproval of the tactics used was no secret. Whether Carnegie made known his dissatisfaction to Frick is not recorded; the likelihood is that he did so, for he never hesitated to speak unpleasant truths even to the most impressionable of souls, and that, after his return in 1893, he expressed himself to others

unguardedly, even ungenerously, is the fact. To put a bridle on his tongue was not a Carnegie habit. It would probably have been more discreet, not to say kind and dignified, to have maintained his position of public approval and not to have criticized his chairman, sometimes in private talk, occasionally in public. Carnegie was firmly persuaded that, had he been on the scene in July, 1892, the Homestead strike would not have taken place. On this point few of his friends or enemies disagreed. But whether he should have made the statement so frequently and so publicly is quite another question. Carnegie, like many other impulsive and dynamic men—Theodore Roosevelt is an outstanding illustration—was accustomed to do his thinking out loud; an idea seldom entered his brain that did not receive immediate utterance; the effect his expressions might produce was not considered. It was a weakness that caused Carnegie more than one awkward moment. His friends learned to overlook the failing, but Frick never became inured to Carnegie's outspokenness, especially on matters that affected the vulnerable joints in his own armor. The man was most sensitive to criticism and had a self-torturing faculty that transformed casual happenings into grievances. Thus one day Carnegie remarked that the Bethlehem Steel Company was becoming a strong competitor. Frick interpreted this statement as a censure on his management and brooded over it for days. A pathetic feature is that, despite a bellicose spirit, Frick at bottom was solicitous of Carnegie's good opinion, a fact that comes out in the almost deferential attitude manifest in the company's Minutes. "What Mr. Carnegie would think" of a particular suggestion was always Frick's first consideration. Troublous as may have been their association at times, each man clearly had a strong respect for the other. Carnegie admired Frick's capacity as an executive, while Frick could not but be dazzled, as were all men, by Carnegie's brilliance.

The powder had been well laid for the next explosion, which came in the Christmas season, 1894-1895. In this dispute again the merits were not entirely on Carnegie's side. For some time an amalgamation of the Frick Coke Co. with W. J. Rainey & Co., one of its largest competitors, had been under discussion. The proposal had never been favored by Frick; he did not like the prospective partner and distrusted him as a possible rival should that

gentleman gain admittance into the Carnegie group. If Carnegie had definitely fixed his mind on a course of action, he went about it with a directness, even an abruptness, that took no account of other men's opposition, and he had a disconcerting way at times of acting on important issues before others entitled to be consulted had had an opportunity to express their views. The rapidity with which action followed thought is another Rooseveltian quality which largely explains his progress, though occasionally it involved him—as it did his famous exemplar—in personal discomfiture. The episode now in question illustrates this trait. Disregarding Frick, Carnegie met Mr. Rainey and seriously discussed an agreement for consolidation, under the terms of which the name of the new concern was to be changed to the Frick-Rainey Company, Rainey executives to obtain important recognition in the merger. Frick's indignation, when the news reached his ears, may be easily understood. Nothing so intimately affected him as the coke company: "every fibre of his being," Carnegie remarked on another occasion, "vibrated" to this, his own creation; and for Carnegie, without his consent, without his knowledge, to plan a revolution in its composition, including a change in name, was a proposal that a less turbulent nature than Frick's might be expected to resent. The episode of a few years before was repeated. Frick's resignation from the Carnegie company was immediately forthcoming.

From Henry Clay Frick

December 18, 1894.

DEAR MR. CARNEGIE:

Having decided to sever my connection with this association January first next, it is but proper that you should be at once advised that you may arrange for my successor and the purchase of my interest.

The affairs of this association are in splendid shape as you know from examination made during your recent visit here. In every way better than at any time in the past, and the outlook for the future is very bright, otherwise I should not think of retiring now. The past six years have been trying ones to me, and my mind from necessity has been so absorbed in looking after the interests of

this great concern I have not had time for anything else and feel now that I need such a rest as is only obtained by almost entire freedom from business cares.

Yours very truly,
H. C. FRICK

However much one may sympathize with Frick's wounded emotions, the ethical question remains—whether the responsible head of a great business has the right to drop his duties in this angry and headlong fashion and leave matters in a chaotic state. That he had himself behaved with inconsideration now apparently occurred to Carnegie, for his reply was framed in conciliatory terms.

To Henry Clay Frick

December 18, 1894.

MY FRIEND AND PARTNER:

I wrote you the minute I had grasped the main point of your note. I have read it more carefully since and I must say it seems a nicer letter and more worthy of you than at first glance appeared.

You realize your duties to your partners and say you would not have thought of resigning if matters had not been in splendid condition and prospects bright, etc.

Now let us see how your partners and friends (I mean the same men, not outsiders) feel about this. I really cannot tell. For myself I feel that time is needed and that a change *now* might not fulfil the sacred obligations you recognize as due your partners. Altho your health is first consideration I fully admit and feel.

I recognize my duty is without delay to consult them. I have cabled the principal one* next to you, to come promptly.

I feel that each and all will hope a temporary respite will restore you. My Friend, let me now say that what strain you have borne surprises me; that I have insisted on holidays for you perhaps to the point of pressure because I knew (though you didn't apparently) that no brain, not even yours, and your temperament (the latter as rare as the former) could stand it. Trips to Europe, rec-

*Henry Phipps.

reaction—has not that been my text?—not purely because we should thereby have the services of your rare ability longer, but I can say because I liked you and yours as friends.

I think all can be arranged satisfactorily. The finances, in your absence, the only point, I suppose, can be easily managed with your unequalled financial ability. You can take a long holiday and go to Egypt. I hope you will decide, first outlining a policy financial.

I promise to remain on this side and give Mr. Leishman all advice he asks for until your return.

Of course if you insist upon resigning there's nothing more to be said, but your partners have a claim on you, to confer as to time, mode, etc. That is all, I submit. There need be no haste, but, as I said before, all your partners have a right to be consulted and it will take some time for Mr. Phipps to arrive. Anything the majority agrees to I shall. As I write your face appears to me as it was the other night when you came to us to dinner. It was worn—you were tired, overstrained—long meetings, vital questions, discussions, had worn you out. I am not alone in seeing recently that just as I was this time last year so now you require just what I did; and if you can only be restored to pristine health you will soon return and smile at matters which now in your tired state seem gigantic and amazing, and your partners will be unable to contain their joy. All your partners ask (at least I ask) is that you will be patient and try the cure; not one of them would endanger your health.

I'll see you soon.

Yours ever
A. C.

From Henry Clay Frick

December 20, 1894.

DEAR MR. CARNEGIE:

I have carefully read your note of the 18th.

I think I understand what is due between partners and friends and that to a large extent has influenced my action.

The decision to retire from the firm was made after the most serious consideration, and I see no reason to recall it, and while

the time is short, it is my duty and it will be my pleasure to advise my successor in every way that I can when he may deem it necessary or until he gets everything well in hand.

Yours very truly,
H. C. FRICK.

It will be observed that Carnegie, ingratiating as was his response, made no offer to abandon his negotiations with the Rainey group. He had not the slightest intention of doing so. The merger did not go into effect, but for other reasons than Frick's opposition. The correspondence continued for a week longer, Frick's letters becoming every day more intemperate and insulting. Carnegie was informed that his behavior was "nonsensical," that his statements were untrue and that he was interfering with matters about which he knew nothing. Carnegie's tendency to treat Frick as a tired and disagreeable child, and his suggestion for a recuperative trip to Egypt, proved especially annoying—this despite the fact that, in his letter of resignation, Frick had said that he needed "such a rest as is only obtained by almost entire freedom from business cares." Unless Carnegie ceased referring to his physical condition, Frick wrote, "I will take such measures as will convince you that I am fully able to take care of myself in every way." This sort of thing was rather more than human nature could stand, and Carnegie brought the correspondence to an end in the only possible way.

To Henry Clay Frick

New York, N. Y., January 3, 1895.

My DEAR MR. FRICK,

. . . This is not the first time you have resigned. You came to me and said your own lawyer had decided men were right. I had difficulty getting your shareholders to take you back. I put you back and *you knew it*.*

Well, you resign again and I have tried my best to be your friend again. It is simply ridiculous, my dear Mr. Frick, that any full

*Carnegie is referring to Frick's resignation from the Coke Company in 1887. See ante, Vol. I, p. 379; Vol. II, p. 55.

grown man is not to make the acquaintance of Mr. Rainey, or anybody else, without your august permission—really laughable—but I did not do it till you had given approval.

No use corresponding any more. You are determined to resign. All right. I am forced to agree that the work of the Carnegie Steel Company and the Frick Coke Company is too much for any man. You shall withdraw quietly, and if you wish it I shall coöperate with you and back you and endorse with you for the Frick Coke Company just as I have hitherto.

No one values you more highly as a *partner*, but as for being Czar and expecting a man shall not differ with you and criticize you, No. Find a slave elsewhere, I can only be a man and a friend.

Your friend still,
ANDREW CARNEGIE.

In this manner Henry Clay Frick ceased to be the chief executive officer of the Carnegie Steel Company. That his administration came to an end in January, 1895, is a truth not generally appreciated. His incumbency had been a short one. From July, 1892, to January, 1895, is two and a half years, and that brief period represents the time Frick held the premiership of the combined Carnegie properties. Mr. J. G. A. Leishman succeeded to the vacancy and, two years afterward, Charles M. Schwab became generalissimo. When Frick resigned the chairmanship he was the owner of eleven per cent. of Carnegie stock. In keeping with the new order, five per cent. of Frick's interest was transferred to Mr. Leishman, and from this time forward Frick never held more than six per cent. The change did not leave him without occupation. The Frick Coke Company, the cause of the latest trouble and the particular darling of Frick's affections, offered scope in plenty for the man's abounding energies. That he would limit his activities, in future, to that corporation, was taken for granted. What had come to be known as the Frick problem was apparently solved.

The absolute separation of Frick from the Carnegie company, however, was not so simple an operation as it seemed. Carnegie individually, and the Carnegie company, owned a majority interest and the affairs of the two concerns were closely interwoven, a

relationship that kept Frick a member of the family. Despite the sincerest efforts of Carnegie and Frick to part, a kind of indissoluble alliance persisted between them. They might separate, but the logic of the situation would bring them together again. Let Carnegie's memorandum take up the story. "In the autumn of 1894 Mr. Frick yielded to his second great outburst of passion. For reasons which were considered imperative for the interests of the concern the Board of Managers deposed him from the Chairmanship. Mr. Leishman was elected his successor. After this action was taken by the Board Mr. Frick came to me, dejected, haggard, penitent and in sore distress. He asked me if I could not get my partners to create for him a nominal office, Chairman of the Board of Directors, to save him from humiliation. I was very strongly averse to creating an office which I feared would undermine the authority which the President, an executive officer, should possess in so extensive a firm. Against my business judgment and actuated solely by pity, and anxious to do everything I could to spare him humiliation, I did promise to consider the subject. I sent for the organization of the New York Central Railroad, as I knew it had a Chairman of the Board, and finding that his duties consisted solely of presiding over the Board of Directors when present, I suggested to my partners in the Board that we might go so far for our late Chairman. I quote from the organization of the Carnegie Steel Company the duties of the nominal office created for Mr. Frick at his request: 'The Chairman of the Board shall preside at all meetings of the Board of Managers at which he shall be present, and shall be, *ex officio*, a member of all committees of the same. He shall appoint all committees unless the Board shall otherwise order.' Although the duties were confined to presiding at the meetings of the Board of Directors and the President was the chief executive officer of the organization, he [Frick] did not continue very long to restrict himself to his undertaking not to seek power."

One of Carnegie's greatest regrets subsequently was that he did not let this absolute resignation of Frick stand. Had he done so, the decision would have been best for all concerned. The knowledge of Frick's ambitious nature, which he had obtained by this time, should have taught him that such a compromise would not succeed. This

dual arrangement has become a popular one in recent years, but the chairmanship of the board is now usually a gracious way of elevating a superannuated gentleman to the retired list. Frick, at the time he was promoted to such an empty throne, was not a veteran; he was forty-six years old, a marvel of energy and a man of boundless aspirations. To expect that he would be content with his restricted duties—that of presiding at meetings and generally bestowing "advice"—was to expect something that could not be. Frick made an excellent presiding officer and his contributions to debate were always pointed, but he did not limit his participation to this narrow field. He was continuously reaching out for authority, and steadily increasing it. The result was that, for the next six years, the Carnegie Steel Company had a kind of dual head, the chairman and the president. Mr. Leishman and Mr. Schwab, who successively filled the latter rôle, were men almost as energetic and determined as Frick himself, and extremely jealous of their prerogatives. Constant friction was the outcome. In most departments Frick did play an active hand, and in the development of the period he was an important, though by no means the predominating, influence. His equivocal position, however, always made him uneasy and irritable, and more than once he impatiently sought to have the Presidency abolished and exclusive power vested in himself, an object that was never attained. One pleasant phase of this era is that Frick's personal relations with Carnegie for a few brief hours improved, after 1895 an intimate touch appearing in their letters not observable before, and the Fricks occasionally became guests of the Carnegies in Scotland. Frick now and then writes exultingly over the acquisition of a new picture, and the two exchanged views on current happenings, such as the Bryan campaign and the Spanish War. The birth of Carnegie's daughter, in 1897, gave the men a bond they had not previously had. Frick's tenderest side was his love of children; the death of his daughter Martha, a child of six, was a pang that never left him. Carnegie would now write about the doings of his Margaret and Frick would respond with anecdotes of his Helen. This friendly note, however, proved to be only a charming interlude. As Frick grew older he became more autocratic; his shortcomings more and more interfered with the harmony of the staff, while the rapid progress

of other men, particularly the rising star of Schwab, added to his unhappiness.

3

TROUBLES soon reached a stage that transcended all temperamental differences. The final conflict, several years in reaching a crisis, had its origin in a disagreement on a fundamental principle. What that principle was should be apparent to anyone who has read the foregoing pages. The Carnegie business—it is necessary to repeat at this point—was not a corporation but an “association.” Its capital stock was owned by partners actively engaged in the business; not a dollar could be purchased on any stock exchange, or, indeed, from any source except the treasury of the company, or one of the partners, and, in the latter case, only after the company had approved the transfer. Not a single member—not even Carnegie himself—held unconditional ownership in his shares. Even the majority proprietor could not dispose of his interest by will. At death all participations, including Carnegie’s, were to revert to the treasury, the heirs being paid in cash the value “at the books.” On the demand of three-fourths in number and interest, any partner’s stock could be similarly purchased at “book value.”* No member paid a dollar for his allotment. Stock was assigned him and the debt, not a personal one, the only security being the shares themselves, was satisfied out of dividends. When entirely paid for by this process, the fortunate possessor became a “paid up partner,” even then, however, holding his patrimony subject to call under the terms already described. In the decade 1890–1900 not far from fifteen partners disappeared by death or voluntary exile—one or two by compulsion—under this agreement, all of them, or their descendants, receiving large checks representing the increment in the “book value” of their holdings. Most withdrew to lives of

*As Carnegie held fifty-eight per cent., this provision could not be used against him, and to that extent the statement that he was subject to the Iron Clad must be modified. There is no qualification, however, to the statement that, at his death, his stock would revert to the treasury at book value. Again, Carnegie could not alone compel the retirement of a partner, as he did not hold three-fourths of the stock, and obviously was not himself the “three-fourths in number” the agreement required.

luxurious retirement, their reward for having made a substantial contribution to the eminence of their fostering parent. The treasury stock so acquired was in due course apportioned to successors— young men of industry and talent who, for the most part, had entered the works as laborers. So it was intended that the pageant should continue indefinitely, the capitalization a fluid entity, never to be possessed by estates or non-coöperating workers, but always to rest in the hands of successful toilers, by them to be handed to posterity, their personal gain to be the increase in the value of assets resulting from their administration. That this latter feature might be material is shown from the experience of two partners involuntarily retired. One who had entered the company as an office boy about twenty years before left Pittsburgh with a check for \$600,000 and a personal gift from Carnegie of \$50,000; another, after less than ten years' service, had his forcible rustication somewhat assuaged by cash to the extent of \$800,000. The reasons for Carnegie's devotion to this scheme and the so-called "Iron Clad" agreement which regulated it, have already been sufficiently set forth.

As he grew older his enthusiasm became more intense, and certainly the results seemingly justified his conviction that his partnership agreement held the key to industrial success. One advantage he esteemed above all others: the Carnegie company, so long as the "Iron Clad" ruled, would be exclusively engaged in the manufacture of steel. It could never become the plaything of speculators and stock jobbers. Carnegie's contempt was unutterable for his brother steel men who, at the peak of the boom, had capitalized their assets in exaggerated form and delivered them to the mercy of Wall Street promoters. The most scorching passages in his writings are reserved for those gentlemen who, in his words, "destroy values and create none"—that is, those who live on the ups and downs of the stock exchange. Nothing more pointedly illustrates this antagonism than Carnegie's treatment of one or two partners who were retired under the "Iron Clad" in the period under review. These were men who had been caught in speculation. One Christmas season Carnegie discovered that so important an official as the president of the company, Mr. John G. A. Leishman, Frick's first successor as chief executive, had been attempting

to corner pig iron. In due course the "Iron Clad" closed in on Mr. Leishman, who departed, to become Minister to Switzerland and afterward Ambassador to Italy and Germany. The letter Carnegie wrote the delinquent expresses his feelings about partners who fell victim to this speculative mania. It also illustrates the schoolmaster fashion in which he was inclined to rap the knuckles of young companions who had fallen by the wayside.

To John G. A. Leishman

December 24, 1894.

DEAR MR. LEISHMAN:

You have made tomorrow a sorry Christmas for me and for Mr. Phipps from whom I have heard. You have not treated me fairly as your partner. You know I often congratulated you on your *not* speculating in pig, and upon the fact that we were clear of purchases beyond this year. You kept silence and deluded me. You deceived your partner and friend, and only kept faith with him when you could deceive him no longer.

It is not the loss of money caused by your conduct, for it is better to lose than to gain by speculation; neither the fact that you have involved me in speculation, which I consider dishonorable, although this hurts as you well know, but that you should have concealed our position—deceived your partner—*that* is what shakes my confidence and renders me so unhappy. What I ever did to tempt you to other than straightforward dealing with me, I cannot imagine.

I have been deceived by one in whom I trusted—by a partner and a friend; do what I will, thinking over my conduct to this friend I can find nothing to justify such treatment from him.

Yours

ANDREW CARNEGIE

This will not be sent until your Christmas day is over. I would make it less sad than mine.

A. C.

One would think that a letter like this would preclude its writer and recipient from ever commingling again on friendly terms. But the disagreement in this case, as in others, was regarded as a busi-

ness one. Mr. Leishman and Carnegie afterward exchanged pleasant communications, and the Ambassador more than once was a guest at Skibo Castle. In his last years Mr. Leishman lost his fortune and would have had a distressful old age had not Carnegie, out of his private purse, endowed him with a comfortable income. In his dismissal there was not a tinge of personal resentment; as president of the Carnegie company Mr. Leishman had simply made a mistake for which, in the Carnegie code, there was no palliation, and had paid the designated penalty. It was an invariable rule that any member who indulged in speculative trading of any kind, automatically forfeited his right to comradeship. To such executives the rule of Cæsar's wife had particular application. "Every dinner you attend," Carnegie wrote an erring compatriot, "every lunch at the Club at which you linger, every act, affects the Company; every word you speak, every financial step in your private affairs, has serious consequences."

One of the chief advantages of partnership was that it secluded Carnegie stock and protected it from the manipulations that, in Carnegie's eyes, were a national scandal. Carnegie "assets" stood for actual value; they equalled the money invested in the enterprise, considerations of less tangible worth, such as "earning power" and "good will," playing no part. For the first twenty-five years the system caused no disgruntlement, perhaps because the veracious "assets"—that is, the money embodied in machinery, buildings, real estate and the like—were not unfairly represented by the capital stock. Excess profits were annually turned back into equipment, with a corresponding increase in "book value." About 1896, however, the breach between the two variables began to widen. In that year the profits were roughly \$6,000,000; in 1899 they were \$21,000,000. This change in earning power caused misgivings in certain bosoms. Was a capitalization of \$25,000,000, of which only \$20,000,000 had been issued, not absurd for a company with such "earning capacity" as this? Was not an industrial corporation whose profits exceeded its capital stock and, indeed, almost reached the value of its assets, a new phenomenon in the American scene? The argument was now made that the Carnegie company should be recapitalized with proper consideration for this stupendous "good will." A capitalization as high as \$250,000,000 would pay six per

cent. dividends and still leave a handsome sum each year for improvements. Such a change had an advantage that appealed with even greater force to the men who had done their part in constructing the mighty edifice. If the Carnegie company should be incorporated on modern lines, each of these thirty or forty partners would henceforth hold his stock as an unqualified possession. Carnegie securities would then be listed on the stock exchange; the owners could sell their shares, or bequeath them to their families, not hold them subject to call by fellow partners. Many had labored a lifetime, giving the finest efforts of youth and maturity to this enterprise; why should they not cash in on the magnificent triumph? Merely to state the case provides a strong argument for the justice of the claim. Merely to state it similarly discloses that it was a proposal to destroy the achievement of Carnegie's life, for it implied the annihilation of the system which he regarded as responsible above all other considerations for Carnegie leadership in American steel. It meant that Carnegie shares, like thousands of others, would find their home on Wall Street and be subject to all the tribulations which, in Carnegie's view, were the greatest evils in the economic field. It is possible to sympathize with the entirely human standpoint of the partners who longed for a new dispensation, and it is easy also to understand the tenacity with which Carnegie set his face against the suggested change. Perhaps it was true that the "Chief" was getting old, that his ideals were outgrown, that a great industry could not be conducted on the personal basis of a "Gloucester fishing fleet," that the methods of the pioneer nineteenth century could not meet the exigencies of the twentieth. The fact must be duly appraised, however, that the final chapter presents Carnegie, his back to the wall, fighting, vainly, as the event proved, the modern insistence on high capitalization. In this struggle Carnegie stood for the old day, Frick for the new, and it was a fundamental difference on this principle that caused the clash. In Carnegie's aversion to the stock exchange Frick did not share; for years he had been a heavy operator in Wall Street, and one of his Pittsburgh friends draws an unforgettable picture of the man at the lunch table, irresponsible to conversation, but eagerly pouncing on slips of paper occasionally brought by a servant—telegrams telling of the minute by minute

fluctuations of favorite stocks. That Frick would therefore be enrolled among the partners who insisted on capitalization of the company was inevitable.

Yet the original contender was not Frick but Henry Phipps. In the early stages Frick aligned himself with Carnegie, while Phipps remained consistently on the other side. A necessary preliminary to capitalization of earning power was the abolition of the "Iron Clad" of which much has been said in preceding pages. In that movement Phipps, not Frick, was the leader. Again it is possible to comprehend Phipps's motives. He was the eldest of the elder statesmen; his association with the enterprise antedated Carnegie's own; he was the sole survivor of the group that, in 1861, had joined fortunes with the Kloman axle forge, and from that time, through all the transmutations of the Carnegie firm, he had played an active part in its management. Next to Carnegie, Phipps was the largest owner, though his eleven per cent. holding, as it stood in 1896, was a small proportion when placed beside Carnegie's fifty-eight and one-half. The expanding profits of this latter day not unnaturally implanted in Phipps's heart a desire to capitalize his life work on a more certain and extensive scale than that provided by the partnership agreement. So long as the "Iron Clad" ruled the company, however, this ambition could not be attained. An awkward feature was that Phipps himself was the original begetter of the scheme which he now attempted to overthrow. That Carnegie, as years went on, came to regard the "Iron Clad" as the one important fact in the organization, the keystone of his splendid arch, is true, yet it is not true that this method of admitting and retiring partners was his handiwork. How Phipps, after Thomas Carnegie's death in 1886, insisted on a safeguarding provision of this kind, has already been described. From this time forward members of the fellowship regarded themselves as immutably bound by this agreement, and from 1887 to 1896 the famous contract had no stronger champion than Henry Phipps. In that year his enthusiasm for his own child began perceptibly to wane, and a quiet, persistent, though entirely calm and unacrimonious struggle started between Phipps and Carnegie on this issue. The most amiable personal relations prevailed; the two veterans disagreed on policy but kept their disagreement on an exclusively business basis; yet the correspond-

ence discloses Phipps's determination to end what he now clearly regarded as a superannuated system, and Carnegie's fixed purpose to maintain the "Iron Clad" in its integrity. The remarkable feature of the argument, in view of subsequent proceedings, was that Frick's support was cast on Carnegie's side. Even after the profits grew in most sensational fashion and the advantages of recapitalization were daily becoming more apparent, the Carnegie Minutes record Frick endorsing Carnegie's attitude and attempting to bring Phipps round to the senior's point of view.

The question attained the proportions of a crisis because, after the organization of the Carnegie Steel Company in 1892, the legal status of the "Iron Clad" became involved in much confusion. A revised agreement had been drawn up on this occasion, but certain partners, including Carnegie as well as Phipps and Lauder, had not signed it. Their abstention at the time was purely accidental; all three members were in Scotland, in consultation over the Homestead strike; on Carnegie's return the amended instrument was regarded as unsuited to the new situation. Pending exhaustive revision and the preparation of a protocol that would fully correspond with modern requirements, the original treaty of 1887 was regarded as continuing in force. That increasing prosperity made necessary a comprehensive overhauling of the "Iron Clad" was all too evident. The senior partners had reached an age—Carnegie and Lauder had passed their sixtieth year and Phipps was approaching it—when the possibility of death would have to figure in the calculation. The first purpose of the "Iron Clad" had been to protect the partnership in case of Carnegie's demise.* To raise at a moment's notice the large sum needed to purchase his share might disrupt the company, and therefore this undertaking made possible payment on the installment plan, yet Carnegie's interest had so increased in value that, in 1896, the paper of 1887 was inadequate to provide this protection. The same was true of other "seniors," especially Phipps, Lauder and Frick. Even with such proportions fixed on the basis of the most conservative "book value," the acquisition would demand a large cash settlement. In a letter addressed to "My dear Squire"—at this time Carnegie's jovial name for Phipps, a summer resident at Bulwer-Lytton's Knebworth

*See ante, Vol. I, p. 300.

House in Hertfordshire—the majority owner betrays anxiety on this point. "A small interest now in our firm amounts to so much that the first agreement has to be changed, certainly . . . My suggestion is that we should not agree to pay cash for our interests at all, but long time certificates bearing interest, which is as good an investment as any one should get. I am sure I do not wish my capital left in any better form than a 30-year obligation paying six per cent." At book value Carnegie's stock was then figured at \$25,000,000. The appraisement has the utmost importance, and it is well to fix in mind its meaning. The asset value of the Carnegie company at this time was about \$45,000,000, and on that basis Carnegie had determined the worth of his proportion. But the capitalization of good will and earning power taking shape in Phipps's mind would have increased Carnegie's fortune four or five fold. Incredible as his attitude may seem, he was opposed to enlarging his estate in this manner, stupendous as that increment would have been. Carnegie was still, and so remained, irrevocably wed to his favorite form of participation. Whatever one may think of the merits of the succeeding dispute, one fact must be emphasized: no suggestion of avarice affected his decision. The medicine he insisted on for others he had apportioned for himself, and in opposing capitalization he was fighting his own interest. Instead of accepting a programme which at this time would have yielded him, say, about \$125,000,000, he was demanding one that kept his possessions at \$25,000,000. Yet, even at this more modest figure, his death would have produced a crisis, for the liquidation of this sum would require cash payments of \$3,000,000 extending over a series of years. In 1896 such large commitments would cause trouble, especially as Carnegie's death might be followed by that of other large partners whose estates would have to be settled at a similar rate.

The Carnegie papers on the subject are voluminous and intricate. For two years he kept at the harassing problem. The spectacle is not lacking in a pathetic, even a Don Quixote aspect. The picture presented is that of a man struggling fiercely against the tendencies of his time. Carnegie is engaged in the almost hopeless task of safeguarding his property from the approaches which its vast resources were daily inviting. One after another his com-

petitors had fallen victim to the stock jobbing craze of the period. The Capital of steel, for a generation located at Pittsburgh and Chicago, was being moved to Wall Street. Until 1896 the steel business had been the province of craftsmen and their masters; now bankers, brokers and corporation lawyers were gaining the upper hand. The capitalization of earning power would signify that the Nestor of them all had joined the odious procession, and Carnegie had no wish to end his career this way. Plan after plan for preserving the ancient system was turned over in his mind and put on paper, only to have the lawyers, one after another, pronounce them unsound. Finally, on September 1, 1897, the problem seemed to have been solved. A new "Iron Clad," far more elaborate than its predecessors, was printed and submitted to "seniors" and "juniors" for signature. As in the past, partners were to hold their stock subject to call on the demand of three-fourths of their associates in number and interest; at death the ownership was to revert to the treasury and the estates be reimbursed, similarly at book value. The time allotted for paying such deceased interest was determined by the amount involved; cases in which the share represented four per cent. or less were to be liquidated in eight years, while for Carnegie's stock the debt was to run half a century. Two methods of payment were provided—notes bearing six per cent. interest, or five per cent. debenture gold bonds. When he presented this agreement Carnegie informed his partners that he had instructed his executors to accept bonds. He thought the older partners should make the same option. Younger associates, he added, would be justified in demanding notes—which were the same as cash, for Carnegie obligations were easily discounted.

One of the first responses to this proposal came from Carnegie's oldest partner, Henry Phipps, Jr.

From Henry Phipps, Junior

Knebworth House,
Knebworth, Herts.
September 25, 1897.

MY DEAR ANDREW:

I am very sorry that I have to tell you that for reasons with which you are familiar and others equally obvious and good, I

have fully decided not to sign the "Iron Clad" or any other similar paper. I therefore return the proposed agreement with my regrets.

Yrs. sincerely,
H. PHIPPS, JR.

That this letter profoundly disappointed Carnegie may be assumed. Another associate, at the time, did not sympathize with Phipps's recalcitrancy, and that man was Henry Clay Frick.

In the discussion that followed, Frick was always urging Phipps to accept the new programme. The whole story is told stenographically in the Minutes of the Carnegie Steel Company. On September 7, 1897, Carnegie submitted to the Managers a letter in which he outlined the new "Iron Clad" and reiterated his proposal to have his stock purchased by the treasury, on his death, at the book value of the time. "That letter," Frick commented, "puts the matter in very good shape. On receiving it the Secretary prepared a revised 'Iron Clad' agreement in conformity with Mr. Carnegie's suggestion. As now written, speaking for myself, the agreement is perfectly satisfactory and I am willing to sign it at any time."* The one opposing voice was still that of Henry Phipps. He immediately wrote the Managers a letter† identical in substance with the one sent to Carnegie, but more extreme in tone. Carnegie's proposal, he said, was unwise as to policy and illegal as to form. Frick disagreed on both points. "The old agreement," he said, "we believe to be legally operative until this revision has been signed . . . and as the present form is satisfactory to every member of the Association who has examined it, with the exception of Mr. Phipps, I am of the opinion that we should proceed to print and execute the agreement. Mr. Phipps is a fair man, especially so in looking after the interests of his junior partners, and I fully believe will withdraw his objections after he has talked the matter over with Mr. Carnegie and with the members of the Board."‡

Frick's optimism was not justified, for Phipps continued to withhold his consent—an opposition that ended all attempts to adopt a

*Minutes, Carnegie Steel Company, September 7, 1897.

†October 4, 1897.

‡Minutes, October 19, 1897.

revised agreement which would meet changed conditions and protect the future. It was assumed that the original document, that of 1887, still remained in force, an assumption which eventually proved to be a slender reed. Yet as late as June 10, 1898, Frick, despite Phipps's opposition, was working hard to revitalize the plan, for on that date he wrote Carnegie, enclosing a tentative scheme applicable only to junior partners. Another contract, he added, would follow, comprising "agreements with each partner who has his interest paid up, giving the Association the right to purchase after his death, and stipulating what payments shall be made therefor." As far as the Carnegie archives indicate, however, Frick's larger proposal never took written form. The chief importance of the letter is that it displays his earnest desire at this time to preserve intact Carnegie's structure.

4

AND so, with the arrival of the year 1899, the affairs of the Carnegie company stood in an extremely doubtful condition. Though profits were increasing like a torrent, no salutary provision had been made for the future. Had Carnegie, like Frankenstein, constructed a monster which, if it did not destroy him, might at least involve the rest of his life in turmoil? Never had the Midas legend been more painfully illustrated; everything that Carnegie touched changed to gold, yet that very fact seemed likely to crush him. The uncertainty was preying upon his mind. From his thirty-third year an early retirement, to be spent in the dispersal of his fortune, had been his goal. Several previous attempts at extrication had failed, difficulties seeming to increase as the Carnegie possessions grew in size. Evidently any proposal to maintain intact the scheme of organization, Carnegie's own share ultimately returning to the treasury at "book value," could not succeed. Fragmentary documents among the Carnegie papers of this period, now carefully written memoranda, now mere scribbles, show what was passing in his mind. All possible schemes for fixing the business on a permanent basis are passed in review. The plan most frequently meditated was an amalgamation of the Carnegie Steel Company and the H. C. Frick Coke Company, their joint

capitalization to be \$125,000,000, the combined properties to be sold to existing partners, Carnegie himself to receive about \$75,000,000 in bonds and to retire. To this scheme Frick's letters show a friendly disposition. He liked it because, as he wrote, such a combination would "keep it all within ourselves, which looks to me to be the prudent thing to do." "Of course it would be far better for stockholders of the Frick Coke Company to see a sale made at figures that have heretofore been mentioned for both properties, either to the Federal Steel Company or to outsiders, yet I believe, with the organization we have, more money, greater satisfaction and contentment, would be secured in the long run, by retaining the property under some such arrangement."* In other words, a capitalization of \$125,000,000, so long as the property was closely held by the group whose work had been abundantly tested, would better serve the future than one for \$320,000,000, a figure that would necessitate a public offering of securities and the scattering of ownership from the Atlantic to the Pacific. These two proposals—\$125,000,000 to partners, \$320,000,000 to the investing public—from now on figured alternately in the deliberations. At times Frick lingered fondly over a sale to the Federal Steel Company "at a very high price"†—a suggestion that met with little favor from Carnegie. "Too big a dog to be wagged by so small a tail"; in these words he dismissed the approach of Federal Steel.

One difficulty was that any suggestion for recapitalization soon became out of date, for the accelerated profits of one month made the valuation of the preceding look absurd. Out of the confusion of prospectuses and reorganization schemes at last came a definite proposal. Henry Phipps and Frick, although they had taken opposite stands on Carnegie's predilections for "book value," had remained on the most sympathetic personal terms, and the news that they had now got together in a final effort to solve this distracting problem was not displeasing to Carnegie. In April, 1899, Frick and Phipps informed their associate that a purchaser had come forward; both the Carnegie company and the Frick Coke Company could be disposed of under conditions that would permit the majority owner to retire with abundant liquid resources. Figures

*Frick to Carnegie, December 27, 1898.

†*Ibid.*

cited indicated that the contemplated sale was not to the Carnegie group but to outsiders. For the Carnegie company the offer was \$250,000,000, and for the Frick company \$70,000,000—bringing the total to that \$320,000,000 which had now come to be accepted as the fairly classic price for the combined properties. On this basis Carnegie's share would reach \$157,000,000. The transaction contemplated paying \$100,000,000 of this in first mortgage five per cent. bonds in the new Carnegie company and \$57,000,000 in legal coin of the realm. The terms were entirely satisfactory to Carnegie. A fortune of \$157,000,000 does not seem so stupendous in this era of the billionaire, but in 1899 it would have made Carnegie perhaps the richest man in the country—certainly one of the two richest—and have provided an abundant storehouse for the plans of human betterment that had long represented, with him, the real occupation of life. Only one question proved disturbing. Phipps and Frick requested a ninety day option for the sale. Admittedly they were merely agents in the transaction. The plan necessitated raising at least \$57,000,000 in cash. This would involve one of the greatest banking performances in American history. Obviously Frick and Phipps could not underwrite any such amount themselves; only a financial connection of the highest character could breathe life into the enterprise. Who, then, were the principals? Several names inevitably occurred to Carnegie. John D. Rockefeller was said to be casting acquisitive glances at the Carnegie plant. The Mellons of Pittsburgh were already modestly concerned with steel; for years they had been close friends and backers of Frick, and their affiliation with this proposal seemed therefore not unlikely. J. Pierpont Morgan had recently put together the Federal Steel and was not impossibly looking for new opportunities of the same kind. Any one of these names would have been a sufficient guarantee that Carnegie was dealing with responsible persons. Why should he not insist on knowing the name or names of the prospective purchasers? He naturally asked this vital question, but his partners demurred. They had been pledged to secrecy. "I did not know at the time who it was from," Carnegie informed the Stanley Committee. ". . . Mr. Frick told me the parties had bound him not to reveal who they were."*

*Stanley Committee, page 2372.

This attitude put the matter in a more doubtful light. Carnegie was asked to make a definite commitment, yet had no assurance that men able to carry out their obligations were concerned. It was not a "business proposition." The unidentified buyers might merely wish to speculate with the contract, to hawk the Carnegie company from one end of the country to another, to entangle it in all kinds of wildcat undertakings. Carnegie suggested one way out of the contretemps. Let Phipps and Frick keep their purchasers' secret if they wished. But, should they do so, tangible evidence that the offer was a genuine one must be provided. A deposit of \$2,000,000, placed in the custodianship of the Carnegie Steel Company, to be forfeited in case the option lapsed, would mean that the invisible negotiators were in earnest. Two million dollars in cash was a large sum; capitalists who could produce it would prove, by that one act, that they were men of resources and capable of handling a deal of these proportions. Carnegie has preserved the words in which he met the refusal of his agents to produce their principals:

"Very well. If I do not know the parties that are to get the option, I will give no strangers an option on our property; and as an earnest of good faith, they must pay two millions for that option."*

Phipps and Frick promised that the money would be forthcoming, and on April 24, 1899, a ninety day convention was signed between Andrew Carnegie, Henry Phipps, Jr., and Henry C. Frick, for the sale of the Carnegie Steel Company and the Frick Coke Company for \$320,000,000. As soon as \$1,170,000 should be placed to the credit of Andrew Carnegie, the agreement, so far as his proportion was affected, would become a binding contract, a sum that, it will be observed, is $58\frac{1}{2}$ per cent. of \$2,000,000, Carnegie's ownership in the property. Two days later the document was spread upon the Minutes of the company. At the same time another option, for the remaining $41\frac{1}{2}$ per cent., signed by all the other partners, was entered on the records. For this supplemental paper \$830,000 should have been deposited, but the junior partners waived the formality. This good nature is easily comprehended. The "juniors" were extremely eager to sell on a basis

*Stanley Committee, page 2372.

that increased their fortune four-fold and gave them unqualified ownership in their shares. Not unlikely Carnegie, had he remained on the scene, would have insisted upon the literal fulfillment of the bond, but he gave his signature on April twenty-fourth and on April twenty-fifth sailed for Scotland. The failure to produce the remaining \$830,000 would itself have displeased him, but had he known the reason for its non-appearance he would not have departed, as he did, satisfied that the problem of his life had been disposed of and that his future was assured. The reason was that the gentlemen who were to pay \$320,000,000 for these properties could not raise \$2,000,000. All they could scrape together was \$1,000,000. The \$170,000 needed to complete Carnegie's share of the contingent forfeit had been supplied by Henry Phipps and Frick. The mutations that take place in the fortunes of mortals are evidenced by Phipps's statement afterward that the raising of the \$85,000 he contributed to the ransom represented a genuine inconvenience.

But more disturbing rumors soon crossed the Atlantic. On May fifth the press discovered that startling changes were impending in Pittsburgh, a fact that was brought abruptly to notice by the incorporation, in the State of New Jersey, of a new Carnegie Steel Company, while sensational headlines—"Mr. Carnegie Sells Out," "Big Steel Trust Forming," "Carnegie Stock to Be Placed on the Market"—quicken the pulses of Wall Street. The capitalization was placed at \$350,000,000, but John W. Gates, questioned by reporters, hinted that it would probably reach \$800,000,000. Preparations had already been made to offer the securities in five cities, New York, Chicago, Boston, Philadelphia and St. Louis—so the papers said; already the public demand had set in, more than \$50,000,000 having been disposed of in advance of the announcement. Such publicity betrayed the all too familiar handiwork of gentlemen experienced in stock promotion, and presently the press emblazoned the one dramatic fact that completely explained the mystery. Mr. Henry C. Frick, an option for the purchase of the Carnegie company in his pocket, was spending most of his time at the Holland House, New York, in close association with William H. Moore, of Chicago. One can imagine Carnegie's shock when Mr. Moore's name appeared. If there was one man

who represented everything in business which Carnegie abhorred it was this same Mr. Moore, who for several years had actively figured in those combinations and stock inflations that Carnegie had so scornfully assailed. In the annals of Wall Street Mr. Moore fills an interesting niche. No career more brilliantly pictures the progress of American wealth. It was Mr. Moore's fortune to project several flotations, all of which were regarded at the time as heroically speculative, but most of which, in the economic advance of the last thirty years, have absorbed the "water" he so lavishly poured in.

A most engaging person, an alumnus of Amherst College, famous for his racehorses and expensive living, Mr. Moore had gone from industry to industry, combining them in the fashion of the time, issuing securities in unprecedented profusion, taking generous "promoter's" profits and winning wide reputation as a "market leader" in the manipulation of their shares. He and his brother, James Hobart Moore, first achieved national fame in 1896, with the organization of the Diamond Match Company. Chicago has not yet forgotten the picturesque tribulations of this, one of the earliest "trusts" in an adventurous time. In August of 1896, a month when Mr. Bryan, raging in the West, was creating about all the excitement the business community could stand, pandemonium broke out on the Chicago Exchange, with the stock of the Diamond Match Company as storm center. The cataclysm was so great that the Exchange closed its doors for three months, and several "great traders," including the "Moore Brothers," were forced into insolvency. A subsequent investigation, conducted by a Committee of the Chicago Stock Exchange, reported that the "Moore Brothers" had been extravagantly speculating in the shares of their own corporation, even going so far as to withdraw \$800,000 from its treasury to strengthen margins. Two years afterward the Moores had so improved their fortunes that this money was returned to the Diamond Match treasury. The organization of the National Biscuit Company was the main explanation of their new success, and from matches and biscuits these able promoters now turned their attention to steel. A close alliance having been formed with Daniel G. Reid and William B. Leeds, the scene of operations was transferred to New York, where the invaders be-

came popularly known as "The Big Four from the Prairies." One amalgamation followed another, all accompanied by those enhancements in capital value and "insiders' " profits which were becoming the financial commonplaces of the time. "The Moore Concerns," said Mr. Herbert Knox Smith in his report on the steel industry, "were the most heavily over-capitalized and suffered from a distinctly speculative backing." The American Tin Plate yielded the underwriters profits of \$10,000,000; National Steel increased their personal fortunes \$5,000,000; and American Steel Hoop poured \$5,000,000 into the same treasury.* These were the transactions that had aroused Carnegie's most passionate epithets, "stock jobbers," "destroyers of values," "Chicago adventurers," being only a few of the terms which he held adequately to describe such behavior.

At this point the Comic Muse might justifiably pause and smile at the fate parcelled out to the leader in American steel. The gentlemen whose operations he so disapproved had secured a hold on his own life work and were preparing to repeat the performances that had rewarded them so richly in other fields. Carnegie's sense of humor was well developed, but in this instance it was inactive. "I never knew Judge Moore was a party to it," he said afterward. "I would not have given them an option upon any account."† Carnegie was not a suspicious man where his friends were concerned, but the reason why Frick had been pledged to secrecy in the matter of his "principal" seemed now only too apparent. Such a revelation would have brought the negotiations to a sudden and probably bitter termination.

The Carnegie company held forth the richest objective on the promoters' landscape. It was a virgin field. For thirty years its only occupation had been the accumulation of tangible assets and earning power. Its outstanding stock represented only a quarter of its value; it had no bond issues or debts of any kind. From the Wall Street point of view, what pickings! It seems astonishing that, despite these advantages, the Moores failed in their efforts to finance the new corporation. For several days they peddled the

*Report of the Commissioner of Corporations on the Steel Industry, 1911, page 6.

†Stanley Committee, page 2373.

Carnegie company from one banker to another, only to be shown the cold shoulder. What they were so diligently seeking was that \$57,000,000 cash needed to put their option into effect; but the money could not be obtained. Frick's explanation for this failure comes out in a letter to Carnegie. "Mr. Moore," he wrote, May 23, 1899, "is an honest man but very sanguine. He led us to believe that the First National Bank and the National City Bank would join him in taking charge of this matter. He claims the National City Bank decided not to do so through their failure in the Amalgamated Copper matter. Of course the death of Mr. Flower also changed the situation." The First National Bank was the great institution presided over by Mr. George F. Baker, while the National City was generally described as a Standard Oil concern. The support of either of these powerful organizations would have made the Moore option a success, and Frick's letter contains an implication that he had been deceived into thinking that this support had been definitely secured. The death of Roswell P. Flower is the chief reason usually assigned for the failure. Mr. Flower, ex-Governor of New York, was the head of a large speculative brokerage house, and his unexpected death caused a panic on the Stock Exchange. But there were other unfavorable facts. In so tremendous an operation bankers would naturally prefer to deal with the head. They knew Carnegie, but at that time Frick had no particular standing in financial circles. Bankers were surprised to find that Frick's holdings in the Carnegie properties were comparatively small; that he held only a six per cent. interest in the steel company was a discouraging revelation. Even more sensational was the news that Carnegie, not Frick, was the dominant man in the coke company—personally and as majority owner in the Carnegie Steel Company he controlled fifty-two per cent. of the stock, while Frick owned less than one third. Moreover, the time was unpropitious. In the preceding year and a half the investment market had been glutted with steel issues. They had not all been absorbed. About this time J. Pierpont Morgan gave his famous diagnosis of the prevailing industrial complaint: the body politic, he said, was suffering from "undigested securities." Another huge flotation, involving even a property so real as the Carnegie Steel Company, was rather more than the surfeited American appetite

could endure, and probably the fact that the "Moore crowd" were the artificers of the new creation was a further reason for the closed doors that met them on all sides. That Morgan was one of the bankers to whom Frick unavailingly took his option is no secret.*

This collapse was damaging enough, but the Phipps-Frick-Moore combination now took a step that humiliated Carnegie even more. Having failed to secure the coöperation of responsible bankers, they decided to go it alone. As the syndicate had risked \$1,170,000 on the venture, not unnaturally they would use all available means to put it through. The next scene was unfolded on May nineteenth, some ten days after the first programme had broken down. One of the leading performers was Philander C. Knox, for many years legal counsel for the Carnegie interests, afterward Attorney General and Secretary of State of the United States. Under Mr. Knox's guidance papers were devised incorporating another—still another—Carnegie company. The proceedings were not entirely harmonious. By this time Frick and Phipps had evidently become a little uncertain about their new allies, for signs of an internal quarrel appear in the correspondence. A tussle ensued over the forthcoming stock, and a disagreement on the apportionment of profits. Mr. Moore and Mr. Knox had more expansive ideas on this matter than Frick, probably somewhat sobered by experience. "Mr. Knox," Frick wrote Carnegie, "unfortunately seemed to think he should make a fortune out of the re-organization; had some difficulty with him; got that all straightened out. He strongly favored a large capitalization. I never favored it."† Again: "I always opposed high capitalization, but I had quite a struggle with Judge Moore and had to let him have his own way up to a point where he found he could not carry it out, but needed our help."‡ The amount Frick held his companions to was \$350,000,000—\$250,000,000 stock and \$100,000,000 bonds. Carnegie was not delighted with the details which, in due course, he read in the Minutes of the Carnegie Managers. "It will be a Pennsylvania Corpora-

*Testimony of Robert Bacon in the suit against the U. S. Steel Corporation, 1913, pages 5473-4.

†Frick to Carnegie, May 23, 1899.

‡Minutes of the Carnegie Steel Co., May 22, 1899.

tion, capital \$250,000,000, divided into 2,500,000 shares of \$100 each. \$220,000,000 of the Capital Stock will be sold at par. The proceeds, together with \$100,000,000 in fifty year 5 % Gold Bonds to be issued to Andrew Carnegie, will pay for the property of the Carnegie Steel Company, Limited, and the H. C. Frick Coke Company. Of the remaining \$30,000,000 of stock, \$15,000,000 will be sold and the cash paid into the treasury of the new Company, and the other \$15,000,000 is to provide for the expenses of the new organization, including the bonus to the State of Pennsylvania, and all necessary and legal expenses. After these are paid, W. H. Moore receives one-third, Henry Phipps and I one-third, out of which P. C. Knox is to receive 5 % for his personal services, and the other one-third is to be in stock and is to be held in trust by Messrs. Frick and Phipps for the benefit of the new 'Carnegie Steel Company,' and to be turned over to such young and deserving employés as are from time to time selected by the Board of Directors of the new Carnegie Steel Company. These new stockholders will give in payment their Notes bearing a low rate of interest."*

Carnegie afterward made a statement which, in view of this record, caused some surprise. When he gave his celebrated option, he said, he had not known that Frick and Phipps were interested in it. The quotation printed above shows precisely what he meant. Frick and Phipps, in his estimation, were merely agents for himself and their other partners. He always asserted that the paper signed with his two most important associates was a mere power of attorney. Their part was that of representatives in transferring the Carnegie Steel Company, at a fixed price, to bankers of the highest financial standing. They were never regarded as principals. But now Carnegie learned that, in association with Philander C. Knox and Judge Moore, Messrs. Phipps and Frick had proceeded to organize their own company and hoped to realize a large personal profit on the option. The promoters' commissions set aside for Frick and Phipps seemed to him unethical. These partners were to receive \$5,000,000 "either in cash or as they may elect." Out of this they were to pay Knox a fee of \$250,000, and then Frick and Phipps were to "divide the balance equally between

*Minutes of the Carnegie Steel Co., May 22, 1899.

them.”* In other words, each of these “associates” was to receive about \$2,300,000 as personal compensation in a contract that turned the Carnegie company over to experienced Wall Street operators. Any comment on this transaction seems hardly necessary. The matter rankled in Carnegie’s heart for the rest of his days. The other partners were similarly astonished when the facts became known. Indeed, the “juniors” said that the details had never been officially disclosed, even calling in question the accuracy of the Minutes which reported the negotiation. This latter point is one of the most puzzling aspects of the whole chapter. Possibly the “juniors” were kept in ignorance at the time, but Carnegie was not. In the Minutes sent Carnegie on May twenty-third, the facts concerning the Moore-Phipps-Frick-Knox agreement are clearly set forth; and a cablegram sent Skibo Castle contained the same information. Yet the members present when this contract was ostensibly entered on the books always maintained that they had no recollection of it. “In this connection,” Charles M. Schwab wrote Carnegie, February 26, 1900, “I was much surprised in going over the Minutes to find that Mr. Frick made the following statement to the Board on May 22, 1899,” and then Mr. Schwab quotes the passages printed above, specifying capital stock, promoters’ commissions and the like. “Strange,” adds Schwab, “that no one of our Board remembers anything about this statement and I have asked everyone.” In February, 1900, Carnegie received a letter from a close friend of Phipps, indignantly protesting against the statement that Phipps had planned “to receive or keep more than his proportionate share as a partner of the Carnegie Steel Company.” The writer was a member of the Board of Managers, present when the document in question was supposedly placed on record, yet it is clear that this “astounding charge,” as he called it, had not before come to his attention.

The few succeeding weeks were anxious ones in Carnegie’s life. Visitors to Skibo retain memories of their host’s abstracted state. Business cares seldom worried Carnegie but the possibility

*The quotations are from the agreement drawn up between Moore and Phipps and Frick, May 19, 1899.

that his company was to go the way the preliminaries indicated was enough to keep him in an agitated frame of mind. The first phase, that of the great Carnegie company being hawked from banker to banker, was a sufficient blow to his pride, but the attempt, after this failure, to transform the whole transaction into a Wall Street promotion made him sick at heart. It was consequently a happy hour when a cablegram came saying that Frick and Phipps had sailed and were on their way to Skibo Castle. The matter was not progressing favorably—that was plain—and a new proposal was to be made. Carnegie's anticipation was accurate. The conditions that had blocked the original sale made this second enterprise impossible. A tentative trial convinced Moore that no such mass of securities could be floated under the prevailing state of things. Perhaps after a few months market digestion would improve; if Carnegie would extend the option beyond August fourth, when it expired, then the great corporation could probably be launched. The purpose of the visit to Skibo was to obtain this extension. Frick and Phipps received a "Highland welcome" but when this point was reached the conversation suddenly became frigid.

"Not an hour!" said Carnegie.

"Business is to be fine next year," he added. "We shall make at least forty or fifty million dollars."

Did he still wish to sell the Carnegie Steel Company? He certainly did. He desired the partners to become purchasers, and was ready to formulate a plan by which they could do so. There was no need to go scurrying around the country for buyers. Any time, under proper auspices, the Carnegie properties could be disposed of for the figures recently advertised.

"Meanwhile," Carnegie concluded, "say nothing to our people except that the option ceases on August fourth. And they needn't be thinking over anything but attention to business."* The world demand for steel was to increase. Great Britain and Germany could manufacture in future only at high prices. A few concerns in the United States that had the raw materials could supply the

*Letter to George Lauder, Jr.

demand. The gentlemen in Pittsburgh did not lack occupation; let them continue their activities in the proper field. That field was making steel, not floating stock.

"The next party wanting an option on my interests in the steel and other businesses connected with it," Carnegie told reporters on his return to New York, "will have to pay an enhanced price. Instead of giving me \$1,000,000 I shall want \$5,000,000."

The \$1,170,000 cash deposited as a forfeit was, according to the letter of the stipulation, transferred to Carnegie's personal account. It presently found its way into public libraries and other Carnegie benefactions. That Carnegie should insist on exacting his bond so far as Mr. Moore was concerned caused no comment; Mr. Moore, an experienced sportsman, never made complaint; he had bet \$1,000,000 on his ability to handle the Carnegie problem and, when he lost, accepted the result without a whimper. Carnegie was criticized, however, for annexing the \$170,000 put up by his partners. The revelation that his associates were to make a personal profit of nearly \$5,000,000 on the transaction was the reason why he felt indisposed to deal gently in this particular matter.

A few months afterward Carnegie was showing a Pittsburgh friend plans and photographs of Skibo Castle, his new Scottish home, to which he was now devoting much attention. He was describing its beauties with an infectious enthusiasm, pointing out the views and dilating on the historic associations.

"It cost me," he said, "not far from \$1,000,000."

The significance of this amount immediately occurred to Carnegie and his friend. At the moment the small figure was sitting on the floor, surrounded by prints and photographs. Glancing up with a familiar twinkle in his eye, he added—

"Just a nice little present from Frick!"

Chapter IV

THE ELIMINATION OF FRICK

1898-1900

CARNEGIE on his return to America was not in a propitiatory mood. Nothing touched his pride more intimately than the Carnegie Steel Company, and the experience of the preceding summer seemed to him little less than degrading. Frick on his part was suffering the humiliation of failure. The achievement that was to lift him from the obscurity of manufacturer to a dazzling position as leader of finance had ended ingloriously. His destined abiding place, after all, seemed to be Pittsburgh and the coke fields and not the promoters' domain which he had so unwisely entered. The one practical result of his wandering was a considerable loss in the genuine respect which Carnegie had always felt for him. Frick's habit of personalizing resentments was well known, and, not unexpectedly, Carnegie was held responsible for his troubles. The chief's sharp comments, his references to "gamblers," "inside profits" and the like, presently reached his partner's ears. Frick was now regarded as merely another master worker in steel led astray by the allurements of Wall Street. "His time has been largely employed," said Carnegie in a famous legal document, "in various speculative schemes for placing the property of the Association in the hands of promoters to be floated in marketable securities on the public."* That sentence contains the underlying reason for the Frick-Carnegie parting. From the day that Frick's ambitions became clear, his separation from the Carnegie company was inevitable. The fate that had overwhelmed Leishman, an

*Court of Common Pleas, No. 1, Allegheny County, Pennsylvania. In Equity No. 422; March Term, 1900.

operator in pig iron, would remorselessly overtake Frick, now enrolled in Carnegie's mind as a "speculator."

A manifestation of the previous year had augmented Carnegie's dissatisfaction. For some time negotiations had been under way for the purchase of the Carrie Furnaces. The prospective investment was about \$500,000. The financing was a simple one for the company, yet, on the eve of closing the deal, Frick had approached Mr. Lawrence Phipps, the treasurer, with the suggestion that the amount be raised by selling two per cent. of Carnegie stock to Andrew W. Mellon. Mr. Lawrence Phipps was astounded. Never had a share been sold to any man not connected with the organization; what could be the purpose of introducing a great capitalist, Frick's close friend and supporter, into the Carnegie family? The news was at once conveyed to Carnegie. That Mr. Mellon was an able and outstanding man, and that he would form a source of strength to any enterprise needing such support, Carnegie recognized. But Frick's proposal to make him a partner was what in diplomacy would be called an "unfriendly act"—equivalent almost to a declaration of war on the predominant stockholder. It would seem to indicate that Frick was enrolling allies for a contemplated attack on the inner fortress. What Carnegie thought of the approach is made plain in the telegram of congratulation he sent his Board when the Carrie acquisition was complete:

"Thanks. Carrie will carry Carrie."*

In warfare between nations the precipitating incident is seldom the actual cause; similarly in the Carnegie-Frick unpleasantness the episode which brought the matter to an issue was a difference that, under normal conditions, would have caused no trouble. So prosaic a detail as the price of coke added the final explosive spark. Since 1883 the Carnegie furnaces had purchased this fuel almost exclusively from the Frick company—inevitably enough, Carnegie's chief reason for the Frick alliance having been to obtain a cheap and unfailing supply. In the sixteen years following this entente the Frick company had become more and more a subsidiary of the steel "association." By 1899 not far from ninety per cent. of its stock was owned either by the Carnegie company or by individuals immediately identified with it. Because of this intimate relation-

*Minutes of the Carnegie Steel Co., March 1, 1898.

ship, contracts between the two had been rather an informal matter. The Carnegie company had always had especially favorable rates for coke; that was one of the reasons for its success. Since 1890 Carnegie and the Frick concern had dealt with each other like members of the same family, prices and terms being seldom reduced to writing but agreed upon informally. Such profits as the stockholders of the Frick Coke Company may have lost by the low prices secured for material sold to the Carnegie firm they gained from the increased earnings of their Carnegie stock. Money taken from one pocket was returned, considerably enhanced, to the other. The only persons who might conceivably object were the few Frick stockholders—perhaps ten per cent. in amount in all—who had no corresponding interest in the larger concern. The most important of these was Mrs. Lucy Carnegie, widow of Carnegie's brother Tom; so here again the personal connection was close. These minority stockholders had always received such handsome dividends on their coke stock that they had no disposition to complain. The affiliation of the Frick with the steel company—this everyone realized—was the chief explanation of its prosperity. The financial aid which Carnegie brought had made possible its expansion, and, in good times and in bad, the Carnegie ovens had provided a steady market for from thirty to forty per cent. of its product. Despite these circumstances the situation was an unsatisfactory one, and that it might lead to difficulties had been foreseen. The solution would have been the amalgamation of the two properties, but several attempts to accomplish this result had failed. So long as both managements remained harmonious no trouble was to be expected, but here was an opportunity for dissension in case any rift should appear.

In order to forestall such contingencies Carnegie and Frick, in the latter part of 1898, decided to come to a lasting arrangement on the price of coke. The rate fixed upon for three years, beginning January 1, 1899, was \$1.35 a ton. At the time this price was fair, and for several months the Carnegie company purchased its large supply on this basis. When the verbal agreement was made there was every intention of reducing the "contract," as Carnegie called it, to writing, but he left for Scotland on April twenty-fifth without executing this formality. In November, when he returned

to Pittsburgh, the Frick and Carnegie companies were horn-locked in ferocious battle on the question of coke. Two circumstances had put a new face upon the "contract." The first was the icy atmosphere produced by the Moore negotiations; the second was an unexpected boom in the market price of this essential fuel. Coke, for which \$1.35 had been a satisfactory quotation in April, 1899, was now commanding a ready sale at \$1.75 or \$2.00 a ton, with every indication of a further advance. Before departing Carnegie had requested a modification in his agreement, providing that, in case the market fell below \$1.35 a ton, the steel company should have the advantage of this reduction. This suggestion had proved to be a tactical blunder. That Frick had agreed, though by word of mouth, to sell his wares to the Carnegie company for three years at \$1.35 a ton, he admitted. The new clause proposed by Carnegie, he now protested, changed the situation and threw the whole contract into the discard. In future, he said, the Carnegie company would pay full market price. True to his word, the next month's bill presented to the steel company itemized its coke at \$1.45 a ton. When Lawrence Phipps, treasurer of the Carnegie company, objected to this change and flatly declared it would not be paid, Frick said quietly:

"Very well, Lawrence, then we will deliver no more coke to the Carnegie works."

Probably no great enterprise ever found itself in so anomalous a situation. Frick was chairman both of the steel and of the coke company. The Carnegie company and the Carnegie partners held ninety per cent. ownership in their defiant feudatory. Frick, as chairman of coke, was threatening to close the works of the Carnegie concern, of which he was also chairman, and to throw fifty thousand men out of employment. Carnegie was a devotee of Gilbert and Sullivan operas, but those experts in topsy-turvydom had never imagined a plot more absurd than that now unfolding in his own works. Frick, however, never celebrated for his sense of humor, was about the most serious actor in the drama. Unless his coke company, of which he was Pooh-bah, received the prevailing quotation, his steel company, of which he was also Pooh-bah, would not get a pound of fuel, and the entire plant would close its doors. At this time the works were clogged with unfilled

orders and profits were accumulating on a scale already described. There was only one thing to do. Frick's enlarged bills were paid, but under protest, the adjustment being left for Carnegie's return. And so the heaped-up gondolas continued their progress from Connellsville to the several Carnegie furnaces, each monthly bill displaying an increase in the price of coke, and, by November, the rate had reached \$2.50 a ton. Settlements were made until, by the time Carnegie reached America, several hundred thousand dollars of what the wrathful Carnegie executives stigmatized as "over-charges" had been deposited in the treasury of the Frick organization.

The arrival of the great shareholder did not lighten the tension; in fact feeling immediately became more strained. These daily mounting coke bills did not assuage Carnegie's impatience. His chagrin was not diminished by the spectacle of his greatest competitors, particularly the Federal Steel Company, acquiring extensive coal areas in western Pennsylvania at prices which, he was informed, would give them all the coke they needed at less than a dollar a ton. The sudden coke boom, he insisted, was temporary, and prices would presently slump to a point that would make \$1.35 look liberal. That Carnegie was full of fight his letters show. "No, sir," he wrote George Lauder, "Frick can't repudiate contracts for any company which myself and friends control. We are not that kind of cats." But every hour Frick was becoming more belligerent. The argument reached the point of an ultimatum at a meeting of the Frick Coke Company on October twenty-fifth, when Frick presented a resolution denying the existence of any contract with the Carnegie brethren. George Lauder, who represented the steel company on the coke directorate, opposed this resolution, suggesting that Carnegie and Frick get together and settle things. "You and Mr. Carnegie," he said to Frick, "represent a vast majority of stock in the two companies, and if you two cannot fix the matter it is a strange thing." But at that moment Frick controlled the board and his resolution was passed. "It is a declaration of war," commented Lauder. It was indeed. And other irritations followed. An episode that greatly annoyed Carnegie was the acquisition by Frick of a pretentious mill site on the Monongahela River, six miles north of Homestead. The Carnegie people had marked this property for their own, and in the hands of a rival organization

it might prove a serious matter. According to the reporters, whose interest in the Carnegie imbroglio was growing keener every day, Frick was planning to dissolve his old connection and launch out as a steel maker independently. For the chairman of the Carnegie company to obtain, as an individual, a property which the company intended to annex, Carnegie declared to be an improper act. A little careless, as usual, in his speech, he made no secret of his convictions on this point, and his uncomplimentary remarks were in due time reported to Frick. That infuriated gentleman stalked in to the next meeting of the Carnegie board all primed for Homeric battle. Minor details having been disposed of, the chairman rose and delivered a philippic against the majority owner, while the other members of the association listened startled and speechless. "I have stood a great many insults from Mr. Carnegie in the past," said Frick, "but I will submit to no further insults in the future." He would surrender the site to the steel company on one condition. That condition was that Mr. Carnegie should apologize for his criticisms. Hurling this thunderbolt Frick left the meeting of the Carnegie board, never to enter it again.*

Probably the least apologetic man in the association at that moment was Andrew Carnegie. The Minutes recording Frick's latest defiance were duly forwarded to New York and read by the person principally concerned in the privacy of his library. The last emotion they aroused in Carnegie's breast was remorse. He still believed that Frick's ownership of a property which the company might need for its growth was unbecoming, and he had no intention of revising his judgment. This outburst seemed to be the culminating injury in a long chapter of grievances. That quickness of decision for which he was famous was now manifest. So far as the Carnegie association was concerned Frick's official career was at an end. At this juncture Carnegie's affections turned instinctively to two men—his cousin, George Lauder, and Charles M. Schwab, who year by year had been growing more important as the executive manager of the concern. With Schwab as the absolute head, combining his responsibilities with those previously exercised by Frick, the great property could face the coming years in safety. Carnegie's personal fondness for Schwab increased as

*Minutes of the Carnegie Steel Co., November 20, 1899.

the difficulties with Frick accumulated, and now that the anticipated parting had come, the young man's support was a genuine consolation. "Regarding myself," Schwab wrote at this critical moment, "permit me to say, first, *I am always with you*. Aside from deep personal regard and feeling for you, you have heaped honors and riches upon me and I would indeed be an ingrate to do otherwise. My interests and best wishes will always be for you and the old firm, and when they don't want me any more I shall even then never give a thought to any other. Believe me, dear Mr. Carnegie, I am always with you and yours to command. I want to be straightforward towards all. I believe the great majority of important partners feel as I do. By important partners I do not necessarily mean those occupying high office. The reverse as a rule is true."*

"No compromise this time," Carnegie wrote George Lauder. "I put Frick back as President of the Frick Coke Company in the Walker fight, and again as Chairman of the Carnegie Steel Company at his request. Not any third time! A clean sweep this time. Nothing can move me from this. I'll have no more trouble, that's settled. See C. M. Schwab and keep in touch. All hangs on him . . . Phipps is tied to Frick I fear. Partners together with Moore you know." Other letters exchanged between Carnegie and Lauder clearly outline the merits of the contest.

From George Lauder, Junior

MY DEAR NAIG:

November 24th, 1899.

I scarcely know whether to write you again in this crisis in our firm, but it is hard to keep still here. I have called this a crisis; perhaps this may be using too strong an expression, but sure, no one in our firm has given as much trouble as Mr. Frick has done. First there was his resignation from the Presidency of the Coke Company because he would not conform to the decision of his partners on the question of terminating the strike. Second there was his sudden turn on you and determination to sell out regardless of any of his partners' wishes or interests. Third, this present angry craziness, which seems to be prompted altogether by personal feeling.

*Schwab to Carnegie, November 27, 1899.

Now the question keeps intruding itself into my mind all the time: would any possible sacrifice that could be entailed be too much in order to cut loose altogether from such a disturbing element? I am well aware the step seems to be very grave, but an enemy outside your lines is always less dangerous than inside, no matter what the apparent sacrifice may be in putting him there. It seems to be thought that such an action would mean an opposition steel works. Well if it did we are going to have opposition works anyhow, and it is well to know the strength and weakness of your adversary. His building would no doubt prevent others doing it, so the net result would be pretty nearly the same.

To my mind the Chairman seems to have deliberately burned his boats; and the issue is now Carnegie or Frick pure and simple. Should you make any arrangement that leaves him in power, every one here will practically look on the settlement as your virtual abdication from the control of the affairs of the firm, except of course through Frick, and opinions have been expressed that this will be the outcome of the crisis.

Take the above for what it is worth. Personally I am too much on the retired list to have much personal feeling in the matter although God knows Frick has given me abundance of cause to feel aggrieved. But I have considered, ever since this controversy about coke began, that he is scarcely responsible for many of his sayings and doings, and now that the sting of failure last summer is added, the less said about his condition of mind the better. It is probably more a misfortune than a fault to be thus constituted.

I should like much to hear from you when you are ready to tell me anything as the result will influence my movements more or less, no doubt. All well.

Yours ever,
DOD

To George Lauder, Junior

November 25, 1899.

MY DEAR DOD:

You voice my views exactly. Frick goes out of chairmanship of board next election or before. That's settled days ago. I have no fear of opposition whatever—none. He's too old, too infirm in

health *and mind*. Now I have long felt that the Chairmanship was a mistake. It overshadows the President and you know Frick got Phipps to urge me to make the Chairman the executive officer and I told him *no never*. I was with Schwab always.

Schwab has behaved far too kindly to Frick but this was best after all. You may tell C. M. S. he will be the man and the only man and that at the next election the Chairmanship will be abolished.

Now C. M. S. must see that his men stand firm for this policy; must express opinion "No Chairmanship" and be loyal to C. M. S.

Schwab can manage all this nicely. Every one likes him at heart—not like Frick.

I have nothing but pity for Frick, not one iota of temper. His recent exhibition is childish.

He sent Phipps to arrange a meeting with me at the Union League Club or H. P.'s rooms at the Manhattan [Hotel]. I said if he wished to see me he knew my office was at No. 5 West 51st Street. No further word.

My resolve is taken and cannot be shaken. I have given Schwab and his brother and a few others control in my will and in life shall stand by him. "Wha wouldna fecht for Charley?"

Yours

NAIG

My Birthday*—never better nor happier, especially since I decided to tell Mr. Frick in kindest manner that I mean divorce under "Incompatibility of Temper." I shall tell him we never had anything but a happy family until he came into it, and I am not going to have anything else. It is divorce for us as far as the management of our business is concerned; no feeling; only I believe our best business interests demand an end of quarreling.

A. C.

Carnegie's statement that he had left Schwab and a few others "control" in his will probably means that he had selected a group whom he wished to succeed to his 58½ per cent.—of course, according to the provisions of the "Iron Clad"—in the event of his death. This was the destiny he had once appointed for Frick, and this

*Carnegie was sixty-four.

change shows how completely he had turned to the rising man as the one most fit to carry on the firm.

Carnegie similarly made known his intentions to Henry Phipps, who had now become irrevocably allied to Frick:

To Henry Phipps, Junior

[Undated]

MY DEAR HARRY:

You know I have decided not to try coöperation with Mr. Frick again. It is a clear case of "Incompatibility of temper," always sufficient cause for divorce.

I shall ask the stockholders to abolish the chairmanship and I think I can convince them this is essential for the proper management of our firm. I shall not vote for Mr. Frick as manager believing that his presence on the Board would not be beneficial.

I shall soon be in Pittsburgh and present to various partners my reasons for these conclusions. That they will be adopted by almost everyone I have no reason to doubt.

I wish Mr. Frick to know this because I would shield him from being, as it were, ousted from a position he covets.

He can resign, stating that he wishes to relieve himself of routine duties and join the veteran brigade—Carnegie, Phipps, Lauder, Singer, etc. A short note in the newspapers makes it all right and leaves unshaken his position before the public, but this has to be done, of course, before I see my partners, to be successful. If he concurs it will never be necessary for me to open my mind to the partners and I shall not. As far as I'm concerned the most peaceful separation between us will result. I have little feeling in this matter. I shall never lay a stone in his path through life, never do him an injury. I wish to make all as easy for him as possible; nevertheless my decision is unshakeable. There have been two outbursts. Never again a third. Agreement to part company is best for both of us. I must beg you in laying this before Mr. Frick to say that the question of adjusting this in any other manner than that I indicate be not raised. It would be useless.

Yours,
A. C.



GEORGE LAUDER, JR. (1837-1924)

“Cousin Dod.”

At that time there were thirty-six partners in the Carnegie Steel Company. Of these only two, Henry Phipps and the secretary, Francis T. F. Lovejoy, championed Frick's course. The remaining thirty-four agreed with Carnegie that the elimination of the chairman was inevitable. Frick maintained that this practical unanimity against him was not significant. All the partners, he said, owed their positions to Carnegie; all could be ousted by his nod; naturally they were afraid to move in Frick's defense. In this there is a considerable amount of truth, though not to the extent Frick asserted. Anyone who has had the slightest contact with Carnegie's former partners, as has the present writer, is impressed by their intense loyalty to Carnegie and their affection for him. An absence of enthusiasm for Frick is just as apparent. The chairman is regarded with a positive but detached respect. His old co-workers admire his ability, his force, and, in certain phases, his character, but they do not regard him as a friend. His attitude was never intimate, but cold and searching. "The young partners were all afraid of Frick," is the most frequent comment heard. Irrespective of Carnegie's power as the great stockholder, therefore, all the associates gladly placed themselves at his side. To exchange Frick's forbidding leadership for the amiable dictation of Schwab represented a personal relief to practically every member.

As soon as Carnegie reached Pittsburgh his first act was to call on Frick. By this time the chairman had recovered from his passion and was in the mildest mood. Carnegie always insisted that his partner's outbursts gave him more pain than their victims. After the tumult subsided a period of calm supervened—the man became soft-spoken, reasonable, almost repentant. And the Frick that now greeted Carnegie was an entirely different person from the chairman who had stormed in the board room only a few days before. Even the edict Carnegie quietly promulgated did not disturb his serenity. The last trouble, his visitor informed him, was conclusive; it was clear that the two men could no longer remain in the same association. "It is a case of incompatibility of temper," said Carnegie, using again his favorite illustration, "in itself a good cause for divorce."

Frick nodded, "I am glad that you have put it that way," he said.

"The one way we can keep friends," continued Carnegie, "is by not being in business together. We have had two quarrels and they have been patched up; it is useless to try any longer."

Again Frick acquiesced. He well knew, he said, that his days as chairman were over—that the next meeting of the board would not reëlect him.

That, Carnegie replied, was the case. There was no desire, however, to humiliate Mr. Frick; why not resign before the meeting was held, so that the act might seem voluntary? "We can make a public announcement that you wish to be relieved of routine duties and to become one of the consultative partners—Carnegie, Phipps, Lauder and Singer."

Frick received the suggestion pleasantly enough, and Carnegie left. The chairman immediately sent his resignation—a single line, "I hereby resign as Chairman of the Board of Managers of the Carnegie Steel Company"—which was immediately accepted. For the present the episode was closed.

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ONLY, however, for a brief time. Probably Carnegie and his friends would have preferred that Frick retain his stock ownership and continue, in Carnegie's words, as a "consultative partner." Carnegie "associates" were divided into two well defined groups. There were the young and active men, holding comparatively small interests not entirely paid for, who were giving all their time to business. Then there were the veteran partners, all more than sixty years of age, whose stock was "paid up," who rendered only advisory service, kept no office hours, held no official position and seldom attended meetings—did nothing, indeed, except maintain a general oversight. Carnegie, Phipps, Lauder and Singer formed this group, to which it was now proposed to add Frick. Had he acquiesced in a relationship of this kind the problem would have been solved. His stock interest would remain intact as before, paying him handsome dividends—imagine six per cent. of \$40,000,000, the net earnings of 1900! Carnegie, recognizing that Frick's nature required active work, suggested that the part of "coke king" would be sufficiently important to employ his energies.

Was some arrangement possible by which Frick could be put in control of this property and the Carnegie company forever separated? But here again differences would likely arise when plans were put on paper. There was one way in which the necessary Carnegie-Frick "divorce" could be obtained: that was by purchasing outright Frick's stock in the steel company, but everyone dreaded to meet the issues such a transaction would present, for a veritable Pandora's box of troubles would escape as quickly as the suggestion took form. That old matter of "book value" and "earning power," a question deferred for several years, could then be postponed no longer. If purchased under the "Iron Clad," Frick's share would have a value of \$4,900,000. One might regard this as generous compensation for ten years' work, even when the services were so valuable as Frick's unquestionably had been. This stock represented little original investment on his part; it had been assigned and paid for in the way already described. But, if "earning power" and "good will" were considered, Frick's comparatively small ownership would yield him not far from \$15,000,000.

How little the "book value" represented reality appears from the fact that the greatest material possession, the ore fields of the Northwest, were accounted at a nominal sum. They were an enormous asset—on that point there could be no dispute—yet to estimate their merit in dollars was an impossible task. For the great part the Carnegie company was not the owner of these preserves, their holdings being limited to leases which permitted mining at so much per ton. How much were such privileges worth? No one could say. How long the field would produce was a mystery of nature; a sudden cessation, one of the commonest experiences in the trade, would instantly make the leases useless. The difficulty of appraising such tangible but indefinite property had been evaded, with the result that the contracts hardly figured in the books. Frick was especially disgruntled, for he regarded the annexation of these ore fields as mainly his work. That he would sell his stock on the basis of the "Iron Clad" was consequently not believed. Yet to settle with him on any other theory would have meant the end of the old Carnegie association and its reorganization on lines which Carnegie persistently disapproved. His struggle for the maintenance of the old régime has been described. In the early phases of

this contest the chairman had supported him. In Frick's administration fifteen partners had been retired, the provisions of the "Iron Clad" serving as the instrument each time and Frick himself acting as the agent of sequestration in every instance. Carnegie's plans for settlement with his own estate, according to the same procedure, had had no more sympathetic advocate than the "coke king." That he should withdraw on the same terms would be in keeping with the principles he had so energetically upheld where other partners were concerned. One thinks of the clever Frenchman who is credited with inventing the guillotine, only to have his own head fall as one of its earliest victims. Yet there was little hope that Frick, when it came to preparing his own departure, would be governed by principles of impersonal logic. The contradiction was only another of those grimly comic situations of which the history of this company is so full. The real point of the discussion appears when it is said that in Frick's case the difference between "book value" and "earning power" was a matter of \$10,000,000, and when so large a sum is involved consistency perhaps is too much to expect from weak human nature.

Still the question might have been left *in statu quo* and settlement postponed to that time, not far distant, when the future of the company was to be determined, except for the continuously irritating disagreement on coke. The extrication of Frick from the Carnegie board made this issue still more acrimonious, and in bringing the contention to a decision Carnegie showed that he could act quite as abruptly as his antagonist. Frick's directors had met, denied the existence of any contract, and voted that in future the Carnegie company should pay market quotations for their wares. Carnegie, by virtue of his own holdings and those of the association, had it in his power to upset this action. He unhesitatingly did so. The annual meeting of the Frick shareholders was held on January 10, 1900, and on this occasion Frick's supporters vanished from the board, their places being taken by members prepared to execute Carnegie's instructions. The former resolution fixing the price of coke was promptly rescinded, quotations for the future were stabilized at \$1.35, and "overcharges" for the past year, amounting to about \$500,000, were ordered restored to the Carnegie coffers. The meeting at which this revolution ensued was as

volcanic as the one that had led to Frick's resignation as chairman. Frick protested every step, denouncing the proceedings as "high handed business," and, all his objections having been overruled, made one of his angry exits, threatening legal action. "You will find that there are two sides to this matter," he said; the Frick company would be enjoined from carrying out the new contract and from making restitution for overpayments.

Whatever one may think of the merits of this dispute, one truth at least is clear: the situation had become unbearable. Here was the ex-chairman of the Carnegie company, still a large owner in the property, preparing to bring a lawsuit against that association—a suit which, in the name of John Walker and others, was subsequently brought. "If Frick is going to fight us," Carnegie remarked, "he must not be permitted to do so from the inside." In other words, the moment had arrived to call on Frick to surrender his stock in the Carnegie association. The issue, so long postponed and so dreaded, had been focussed. The newspapers were again publishing stories of Frick's future plans. In company with Andrew W. Mellon—so the story ran—he was about to embark on steel manufacture. Frick's presence in the Carnegie company would hardly be endured under these conditions, especially as he was insisting on his right to attend meetings. Carnegie had no fear of Frick as a competitor, for he knew his weaknesses just as he knew his strength, but he did not propose to give him the advantage of an inside position at the time he was managing a rival works. Frick was a business man, and probably had not the slightest expectation of playing such a dual rôle; he knew his exclusion was inevitable; the only argument left was the price to be paid for his interest. When, in January, word came that Carnegie was about to make another call, Frick had little doubt as to the nature of the forthcoming interview. Several lurid accounts of this, perhaps the tensest moment in Carnegie's life, have been published, and therefore the present writer will content himself by reproducing Carnegie's memorandum describing the episode:

. . . I sent a messenger to ask whether Mr. Frick was in his office and whether I could see him. He returned saying Yes. I went up to see him, shook hands with him, sat down, began by express-

ing deep regret that he had not accepted my proposition, but he remembered I had advised him to resign from the Board because the members had decided to ask for his resignation, so now I wanted to talk to him about his threat to stop the works of the company of which he was a partner by enjoining the Frick Coke Company from delivering coke under a contract that he had made, and I got just as far as to say, "Now Mr. Frick, let me tell you, you cannot be right to do that. If you strike such a blow at the firm of which you are a member, remember what I told you, your partners can never submit to it, and you will certainly be put out of the firm." He jumped up and clenched his fist and said, "Why, I expected that, now you will see what a fighter I am. This is a fight," and then he began a tirade of personal abuse. I sat very soberly, because there is nothing sobers one man so much as seeing another give way to passion. I said slowly, "Keep calm, I did not come to fight but to endeavor to make peace; if you don't stop I cannot stay here." He became wilder and I was forced to leave. There was nothing but war. I returned and reported to my partners the reception that our endeavors had met with. It seemed as if a flash had run through the members of the board. I am quite sure I was not the first to say, "He will no longer be a partner with us," because it was just when I had ceased speaking that I heard a remark that we would not have a partner in the concern who was going to enjoin our supply of coke and fight us.

It was late in the afternoon when I left the office. Our legal department brought the necessary agreement under the "Iron Clad" agreement. I signed it and Mr. Schwab signed it; perhaps one or two others did before I left the room, but I am not clear about that. But I never asked a man to sign it; I never saw any man on the subject; I learned that the necessary three-fourths had signed it promptly and our legal department took charge of the matter.

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ON JANUARY 15, 1900, formal demand, signed by more than three-fourths in number and interest required by the partnership pact, was made for the surrender of Frick's six per cent. ownership in the Carnegie Steel Company. To this requisition Frick made no

reply. Acting on the instructions of the board, President Charles M. Schwab, on February first, transferred Frick's stock to the treasury and tendered compensation under the terms of the "Iron Clad." Frick, if the partnership agreement held any force, was no longer a member of the Carnegie association.

That a man so determined would accept his elimination in a patient spirit no one believed. Indeed, Frick was known to be spending a large part of his time in consultation with lawyers. Philander C. Knox, for many years his legal adviser and personal friend, was frequently seen entering and leaving Frick's office. Mr. Knox occasionally dropped in on Carnegie's champions, making suggestions for a settlement, but his offers in this direction met with no conciliatory response. On January twenty-ninth a paper served on Schwab as president gave a sufficient indication of the plans taking form in Frick's mind and in that of Henry Phipps. This document has great value in the present narrative, for it sharply brings to a focus the issue in a dispute that had been under way for several years. It is therefore worth quoting in full.

To

THE CARNEGIE STEEL COMPANY LIMITED:

We desire to call your attention to the fact that the fair values of the properties of the Carnegie Steel Company Limited, are not shown on its books. In repeated instances, the values shown thereon are very far below what the real and fair values are, and, in other instances, such values are not shown at all. If there are not now entries on those books showing the fair value of all outstanding and existing contracts, and of the earning power, and of the good will, there certainly should be.

We insist that the books shall be so kept that they will, by an aggregation of all the accounts, fairly show the present real value, as a whole and going concern, of the Carnegie Steel Co., Limited, and that this be done so that each of our interests in the Company will be thus fairly shown prior to and on the first day of February 1900.

We believe that said value considerably exceeds the sum of \$250,000,000. If you dissent from this, we are willing to refer this question of value to three satisfactory and disinterested business

men, to be agreed upon by you and ourselves. If we are unable to agree upon the three men, then let each side choose a man and the two chosen, a third, and their decision, or the decision of the majority of them, to be final and conclusive upon the parties.

(signed) HENRY PHIPPS, JR.

(signed) H. C. FRICK

Pittsburgh, Pa.,

January 29, 1900.

In mid-February Carnegie, following the custom of several years, was visiting his sister-in-law, Mrs. Thomas M. Carnegie, on Cumberland Island, off the coast of Florida, far from newspaper reporters and the perturbations of Pittsburgh, finding relief from the cares of "Iron Clad" agreements and contentious partners in golf and yachting. While he was engaging himself so pleasantly, "the greatest private law suit in the history of the country" began its career in the courts of Pennsylvania. "The Clash of Steel Kings" was the phrase most frequently used to describe these proceedings. In order to maintain his case Frick was compelled to attack boldly the inmost citadel of the Carnegie organization—that "Iron Clad" agreement which had provided the center of discussion for the previous ten years. This once destroyed—its legality, that is, having been disproved—the old established Carnegie régime would come to an end. The burden of Frick's declaration was that the transfer of his stock to the treasury was contrary to law. The court was asked to undo this transfer and reinstate the "orator" in the Carnegie companionship. Frick repudiated any agreement to surrender his stock on demand—at least any agreement that was valid. A paper, it was true, existed, which apparently bound him to such an understanding, nor was there any denial that Frick had served as the Carnegie agent in separating more than a dozen partners from the parent body under the provisions of such a compact. This stipulation, however—so ran the argument—possessed no virtue; all the eliminations under it had been unlawful. Besides these legal sinuosities, into which there is no intention to enter at this place, there were pungent phrases in Frick's complaint that stirred the popular interest. For the first time the public was informed that Andrew Carnegie had played little part in the development of his

company. Many important contributions made by Frick, on the other hand, were highly extolled. Frick's main reason for asking reinstatement in the conduct of the great enterprise was that its future was unsafe in Carnegie's hands. Technical points, and even the delight afforded by the "Knights of Steel Arrayed in Mortal Combat," vanished from popular consideration when Frick's statistics on the profits of the Carnegie company burst forth in the headlines. Much was also made of Carnegie's assurance, quoted by Frick, that the property, under favorable investment conditions, could be sold on the London market for \$500,000,000. Amid a foliage of legal phraseology these figures loomed like a challenge. Certain penetrating critics suggested that this prosperity, under a régime which Carnegie had admittedly dominated for thirty years, hardly bore out Frick's charges of incompetence. Journalists and economists began seeking an explanation for such accretions. Free-traders and low-tariff men had a field day—an especially animated one, because a presidential election was pending, and a McKinley one at that! Such were the results of a protective tariff! Again steel, one of the most favored items, was depicted in cartoons as an "Infant Industry." But in this discussion two points were overlooked. Plenty of other American steel companies had enjoyed the same tariff as Carnegie's, yet their profits had reached no such magnitude. A still more important point was disregarded: Carnegie agreed with his severest critics. For several years, greatly to the disgust of the steel brethren, Carnegie had been proclaiming that steel no longer needed protection, and he had been advocating the obliteration of the schedule. American steel—he uttered the conviction in books, magazine articles, and before Congressional committees—could beat the world and required none of the artificial fostering that had been essential in the early period. Over and over again he had proclaimed himself a follower of John Stuart Mill, the great economist who regarded protective duties as desirable to encourage industries at the start—industries that, from natural conditions, warranted such stimulation—but who similarly believed that manufactures full grown should not be guarded by such favors. American steel Carnegie had for years been pointing to as a perfect illustration of the John Stuart Mill doctrine.

All this was extremely entertaining and "dramatic," and naturally the American public were joyfully anticipating revelations yet to come. That this same public were fated to disappointment, however, could safely be assumed. Frick and his legal advisers must have known this in advance. They might have ten points of the law on their side, or they might have none at all, but it was undisputed that the strategic advantage was unquestionably in their favor. The battle now precipitated would be a long and costly one; whatever the outcome it would prove injurious, perhaps destructive, to the Carnegie company and to American business generally. Both the financial and the political world were appalled at the prospect. George Westinghouse sent a message to Carnegie, begging him to readjust his affairs peacefully and thus forestall that unsettling in American industry which a long contest would cause, Mr. Westinghouse offering to serve as mediator, much as a neutral nation, in face of an international entanglement, comes forward with friendly offices. Mr. Mark Hanna and other Republican leaders were spending sleepless nights contemplating the material such a combat would furnish Mr. Bryan in his second campaign for the Presidency. There were personal reasons in plenty for a compromise. An unfortunate aspect of the impending suit was that Carnegie's defense must necessarily take the shape of dispraising his property. To present a vast array of evidence proving that his life-work was not so triumphant as Frick had portrayed it would naturally not be pleasing to a man whose vanity was so well developed as Carnegie's. The majority owner was still determined to sell, and, if possible, at an early date. One did not need to be a Scotsman to understand that a preliminary depreciation of assets was not the shrewdest step under these circumstances.

But there was a more important consideration. Frick was not really fighting for reinstatement; still less did he desire a receivership and the liquidation of the property. These were the objects set forth in his plea, but recapitalization was the end at which he aimed. A good deal of space has already been devoted in preceding pages to the perplexing organization of the Carnegie group—to the fact that it was not a corporation, but an "association," that the partners held their shares subject to recall at any time by their companions and that the capitalization represented only a minute

proportion of actual value. The suit now presented was merely the final attempt to destroy this régime and to obtain the reorganization which several partners, especially Phipps, had been so long demanding. Vigorously as Carnegie had opposed the new day, the time had come for surrender. On this point friend and enemy agreed. Loyal as were his partners, prepared as they were to follow wherever Carnegie led, probably there was not one who did not favor this readjustment. All methods of preserving the ancient stronghold, while ensuring the future, had been considered and dropped. Carnegie, resourceful as he was, had found the difficulty insoluble. The prospect was daily presenting additional dangers. Carnegie's death would throw everything into chaos. There was also a matter of justice at stake. No one denied that these thirty-six partners, whose work Carnegie never ceased extolling as mainly responsible for the achievement, should have an inalienable proprietorship in the stock and not hold it subject to the hazards of the "Iron Clad." Several colleagues wrote Carnegie pressing this claim. "There will have to be a reorganization in a year anyhow," said Mr. W. H. Singer, "and it would be infinitely better for all concerned to have it done peacefully." Charles M. Schwab, now Carnegie's main reliance, expressed the same opinion. "I can't help but think," Schwab wrote Carnegie, "that reorganization at an early date is the proper step." Such was the advice of Carnegie's closest business friends, and he accepted it.

In this celebrated struggle, therefore, Frick emerged the nominal victor. That Carnegie, in practical matters at least, was a realist and a logician, is a point already made. Pride of opinion, consistency, or personal feeling did not prevent him from accepting the course marked out by the facts; and never was this quality more conspicuously displayed than now. Tenaciously, even stubbornly, as he had clung to his original idea, circumstances proved too strong for his indomitable spirit. The enemy's peace terms were well known. They had been proposed several times before the litigation started. Immediately afterward both Mr. Singer and Mr. Schwab had received visits from Frick's plenipotentiaries outlining the programme that would meet their favor. A proposal was finally made for a meeting at a neutral spot and when the persons most concerned gathered at Atlantic City on March twenty-third

the outcome was foreseen. Carnegie attended this conclave but Frick remained away, leaving his interests in the hands of Henry Phipps. The protocol was quickly signed. Under its terms capitalization was fixed at the figure long since determined upon—\$320,000,000. The Carnegie Steel Company was valued for this purpose at \$250,000,000—a modest estimate in spite of the huge total—and the Frick Coke Company at \$70,000,000. As to the conservatism of the latter appraisal, it is necessary only to say that, in addition to other assets, it was the proprietor of forty thousand acres of coal land with a market value of at least \$3,000 an acre. Neither the Carnegie Steel Company nor the H. C. Frick Coke Company went out of existence; indeed, both are flourishing concerns at the present day. A new corporation, the Carnegie Company, was organized under the laws of New Jersey, with \$160,000,000 common stock and \$160,000,000 five per cent. first mortgage bonds. All the capital of what had now become subsidiary companies was to be acquired by this corporation, which issued its securities in payment, each shareholder in the old concerns naturally participating to the extent of his partnership interest. Carnegie's proportion reached \$174,529,000; Phipps's interest netted \$34,804,000, and Frick's \$31,284,000, though of this amount \$16,604,000 was derived from his share in the coke company. Under the changed conditions the "Iron Clad" automatically disappeared and similarly the "Carnegie Association" came to an end, the members being transformed from partners into fellow stockholders. That this relationship was a material gain is evident, but the ending of the ancient brotherhood caused sentimental regrets, for "Board of Directors" had not the same suggestion of valiant companionship as was implied in "Board of Managers," which, like all the other details of a more intimate time, now passed into history.

Certain of the things for which Carnegie had striven, however, were preserved. In all details Frick was not the winner. His own personal standing, for example, suffered a loss of prestige. Carnegie had determined upon his elimination from the official family and the object was gained. His days as chairman, or even chairman of the board, were over. He remained in the new Carnegie Company simply as a stockholder, and, though a large, not an

influential, one. Neither Frick nor any representative of his interest went on the board. A request for such representation was made, but Carnegie put down a firm veto. Charles M. Schwab became president and the sole executive head. Another cherished advantage must be put to Carnegie's credit. There was no public offering of securities, nor any "underwriters'" or "bankers'" profits. In the celebrated report made on the steel industry (July 1, 1911), Herbert Knox Smith, Commissioner of Corporations, has much to say of the exorbitant sums paid promoters in the steel amalgamations of 1898-1900. But he adds: "In the case of the Carnegie Company no commission was paid, the reorganization of this company being handled by the former owners without the assistance of outsiders." In Carnegie's well thumbbed, pencil-annotated copy of this report, preserved in his archives, this passage is heavily underscored. It was a circumstance in which he took the greatest pride. In his reorganization there was no touch of Wall Street. Every share and every bond passed into the hands of men identified with the manufacture of steel; the Carnegie concern continued to be a closely held family affair. The new status presented little change from the old, except for the enlarged capitalization. Each active worker held the same interest in the new company as in the old. Moreover the ancient system of promoting able men was maintained, five million dollars worth of stock being placed aside for such contingencies. The keystone of the Carnegie arch was thus left unimpaired. So intent was the majority owner on keeping stock in the hands of workers and preventing it from becoming a matter of sale and speculation that he insisted on an ingenious device to forestall a listing on the Stock Exchange. Par value was fixed at \$1,000 a share. It is hardly necessary to explain that stock of these gargantuan proportions would not be handy for professional dealing, and, in fact, shares of this company never appeared on 'change. Any holder wishing to sell would have been obliged to go out on the highway and personally seek his buyer. So far as is known, none ever felt this temptation, the huge capitalization remaining in the hands of between thirty and forty contented men.

The outcome was a great enhancement in Carnegie's fortune. That, in upholding his "Iron Clad," he had been persistently fight-

ing his own interest has been made clear. Had Carnegie insisted on contesting the suit and won, the value of his estate in 1900 would have been about \$40,000,000. His failure increased it to \$175,000,000. History presents many instances of Pyrrhic victories, victories so costly that they are practical defeats, but here is something unique, a vanquishment that brought unexampled financial rewards to the loser. Carnegie had put up a terrific fight against the capitalization of his company; he had finally lost; but it should be recorded that only a lawsuit which threatened to destroy his life-work and to spread chaos throughout the American industrial order compelled him to abandon his position.

Was Carnegie aggrieved by this partial defeat? So far as his friends could observe he did not feel the slightest discomfiture. When a thing was done it was done, and the Frick entanglement, once settled, became a matter of archaic interest. The desertion of his boyhood friend, Henry Phipps, caused momentary pain, but that was quickly healed, for in a few months the two white haired men had become "Andy" and "Harry" once more. A year or two afterward Carnegie moved into his new home on Fifth Avenue and Ninety-first Street. As he entered he gave a start. Hanging conspicuously above the main stairway was Hoppner's portrait of the last heir to the Dukedom of Dorset, painted when a child. This picture had adorned for generations the dining room at Buckhurst, an estate which the Carnegies had taken for several summers, and both Mr. and Mrs. Carnegie had become greatly attached to it. Phipps, hearing that the treasure was on the market, made a quiet purchase and smuggled it into the new house, where it greeted Carnegie on his arrival. The act was a gracious one and touched Carnegie deeply, and Mr. Phipps's hope, implied in the gift, for a renewal of their lifelong friendship, was eagerly reciprocated. But with Frick personal relations were never resumed. The stormy session recorded in Carnegie's memorandum proved to be their definite parting. Once, when common friends sought to bring them together, Carnegie expressed his willingness to have a meeting, to shake hands and to forget the past. The proposal, however, made Frick extremely angry and was immediately dropped. Indeed, Frick ever afterward pursued Carnegie with a vindictiveness that brings out the unpleasant phases of what, in

many respects, was an admirable character. The "wrongs" he had suffered from Carnegie became almost a pathological obsession, on which he would dilate at all times and to all persons, even comparative strangers. For the rest of his life Frick, despite the vast prosperity that came to him through his association with the Carnegie company, his fortune at death amounting to \$150,000,000, was one of those most unhappy of mortals—a man with a grievance.

Chapter V

THE SALE TO MORGAN

1900-1901

THE civil war had ended, but still there was no peace in the Pittsburgh stronghold. As Carnegie, in the summer of 1900, surveyed the scene from his Skibo battlements, hostilities were rearing on every side. It seemed as though the principle of the "balance of power," the guiding force in European history, was operating as well in the field of business. Whenever a nation acquires unprecedented strength its rivals automatically join in arms against it, and similarly Carnegie, by concentrating in his own hands the resources of a continent, had raised an encirclement of foes. His letters to Schwab at this time are full of ominous phrases. "The situation is grave and interesting." "A struggle is inevitable and it is a question of the survival of the fittest." "You are face to face with a great question; the parting of the ways." "This is a crisis which can be used to enhance the value of the property, or which, not being properly used, will depreciate it." "You have only to meet the occasion, but no halfway measures."

Carnegie himself dropped into the military metaphor. "In the case of the Tin Plate Company, as in the case of the American Wire Company, if our President steps forward at the right time and in the right way informs these people that we do not propose to be injured, on the contrary we expect to reap great gains from it; that we will observe an 'armed neutrality' as long as it is to our interest to do so, but that we require this arrangement—then specify what is advantageous for us, very advantageous, more advantageous than existed before the combination—he will get it. If they decline to give us what we want, then there must be no

bluff. We must accept the situation and prove that if it is a fight they want, here we are, 'always ready.' Here is a historic situation for the managers to study, Richelieu's advice: 'First, all means to conciliate; failing that, all means to crush.' Shakespeare has it: 'First in your right hand carry gentle peace'; but after Peace is gone the worst policy in the world is 'gentle war.' We should look with favor upon every combination of every kind upon the part of our competitors; the bigger they grow the more vulnerable they become. It is with firms as with nations: 'Scattered possessions' are not in it with a solid, compact, concentrated force."

These fulminations from the Skibo Olympus were caused by a new development in the American steel trade. The technical name for this development was "integration," a term intended to describe the plan of centering in one organization all the materials and mechanisms for making steel, from ore fields and railroads to furnaces and mills—a comprehensive evolution of which the Carnegie Company itself was the outstanding example. In the two preceding years nearly all plants in the United States, exclusive of Carnegie's, had been swept within one of ten or a dozen large amalgamations. Federal Steel, the several corporations beginning with the word "American"—Steel and Wire, Bridge, Tinplate, Sheet Steel, Steel Hoop—National Steel and National Tube, were the most important. The history of all had been essentially the same. Each combination was formed of scattered units, which had led precarious existences, death-dealing price cuttings having reduced them almost to inanition. Out of the entanglement there seemed to be only one escape, the suppression of competition, and this in turn could be accomplished only by grouping. These concerns, for the larger part, were manufacturing finished articles from crude steel. They possessed no mines, no railroads, no steamship lines, no blast furnaces, no rolling mills; that is, they were not "integrated." The method was to purchase bulk steel from the greater producers and fashion this into articles of common use. The Carnegie Company was the chief source of supply. Only a few of the finished articles, such as rails, structural steel, and armor, were turned out at Homestead and Duquesne, the Carnegie business being the conversion of crude ingots, billets, bars and the like, which were sold in huge quantities to the fabricators of nails,

barbed wire, tubes, pipes, boiler plate, and a thousand other necessities of modern life. The process of amalgamation, however, suddenly changed the outlook. The creation of a few units, in place of hundreds of competing plants, established monopolies in the respective fields. The American Steel & Wire, a concatenation of forty-six previously throat-cutting firms, controlled more than seventy-five per cent. of its market. The American Hoop now reigned unchallenged in the manufacture of cotton ties. The monopoly obtained by the American Tin Plate amounted to virtually one hundred per cent. The American Bridge Company, by this concentration, suddenly became the dictator in a profitable field. And so on. Every one of these "trusts" used its power to the last degree. Prices were increased two and three and four hundred per cent. Money came pouring into their depleted treasuries at an intoxicating rate, enabling them not only to meet dividends on a swollen capitalization, but putting them, for the first time, in surplus funds. The moment for "integration" had therefore arrived. Ore fields could now be leased or purchased, blast furnaces installed, pig iron smelted and converted into steel; in other words, the raw materials that, in less propitious times, had been purchased from the Carnegie works, these manufacturers could now turn out themselves. No one, last of all Carnegie, disputed their right, or their wisdom, in extending operations on such a scale; that the development presented a new problem—even a "crisis"—to the Carnegie properties, was apparent. The plants on which millions had been invested would now find no customers for their wares. That a man like Andrew Carnegie would sit with folded hands while an enormous business slipped beneath his feet, leaving the furnaces cold and the mills dismantled, was not to be expected.

The changed situation became acutely manifest in June and July, 1900. Mr. John W. Gates, head of American Steel & Wire, informed Mr. Schwab that in future he could produce his own steel, and that the contract with the Carnegie Company was therefore cancelled. The Moore brothers, controllers of Steel Hoop and Sheet Steel, sent identical notifications. Contracts with the Carnegie works were at an end and a customer for 20,000 tons a month vanished into limbo. A far greater concern, the National Tube

Company, an assimilation of about nineteen previously contending factories, all for years steady purchasers from Carnegie, had recently been created by J. P. Morgan & Co. In future this organization too could manage without the ministrations of the Carnegie works. A pageant of blast furnaces and converting plants, rising in McKeesport and other places, even more haughtily emphasized this declaration of independence. Another Morgan achievement, the American Bridge Company, had been little more than an assembling plant; structural steel had been purchased from Carnegie, riveted together, and in full panoply sent forth into the world. And now this ambitious infant was similarly displaying a cold shoulder to Pittsburgh salesmen. The time was approaching when Mr. Morgan's all enveloping creation would fabricate its own steel.

The hosts of Pittsburgh rapidly mobilized in answer to the revolution. A reader of Carnegie Minutes is sensible of a new electric spirit permeating the staff. Every department executive is nervously on tiptoe and, if the animated group needed any spur, a stream of letters and cablegrams from Scotland supplied it. If one seeks a further illustration of the aggressive and unsleeping spirit that put fire into the Carnegie organization and gave it leadership, the official records of this exciting summer are sufficient. Everywhere in the battle line, Carnegie, fully armed, is visible, cutting a wide swathe in the enemy's ranks, just as, thirty years before, he assailed the "Fathers-in-Israel" of the Pennsylvania steel trade. Again the man's every fiber was alive. "I notice that the American Steel Hoop Company are taking only 3,000 tons a month from you," Carnegie writes on June twentieth. "That should be stopped or we should go into making their product promptly." And later: "Before receiving yours of the 8th I had written you that I thought we should have to prepare to make hoops, etc. My advice is to go ahead; lose not a day; let your response to the action of the Hoop Company be such as will not only give them but others a lesson, which I am sure we will have to give sooner or later. No use going halfway across a stream; should aim at finished articles only; it is coming to this in all branches." "My recent letters,"—so runs a cablegram of the same time—"predict present state of affairs; urge prompt action essential; crisis has arrived, only one

policy open; start at once hoop, rod, wire, nail mills; no halfway about last two. Extend coal and coke roads, announce these; also tubes. Prevent others building; not until you furnish most staple articles can you get business among them to keep mines and furnaces in full operation; should also run boats Conneaut to Chicago, even if the costs are high. Never been time when more prompt action essential, indeed absolutely necessary, to maintain property. It will be made poor affair if failure now when challenged; have no fear as to the result; victory certain. Spend freely for finishing mills, railroads, boat lines. Continue to advise regularly by cable."

If the barbed wire manufacturers would not purchase his unfinished materials, Carnegie would therefore construct mills to finish them himself. Otherwise the plants he had erected for this market would lie useless. The same programme would be pursued with nails, bridges, boilers, tin plate, pipe and other articles. Carnegie was planning even more comprehensive counter attacks. In future business would be sought where it could be found, making such terms as conditions necessitated, paying no heed to competitors, breaking away from all entangling alliances. "Our safety lies in being independent and running business in our own way. Whenever we do so we have the big trusts at our mercy." On July 31st he writes from Skibo to Schwab: "Looking to the permanent value of our property there is in my mind no question but that we should adhere to the policy of the past, tell our competitors that we have to run full. We have no Union in our works and will be able to run so only if we give our men steady employment and this we are going to do. If we get a small profit per ton, well; if we cannot get a profit per ton, well also, though not so well. If we have to take orders at a slight loss, as we have in the past, I would take them. For many months I saw red marks across certain sales which denoted that they were taken at a loss, but I always said to myself, 'this loss is gain.' So it proved to be and so it will prove in the future. My advice to the sales department would be to take orders in the market, that the head of the sales department is not responsible for market prices, but he is for keeping the works full . . .

"I hope you will give my views to the Board upon our policy and

say to any of the partners that there is rest for the weary here. I think they will need some. Come over."

All these improvements Carnegie proposed to finance in the way that had facilitated his progress from the first. The time-tested formula appears in a letter of July 11, 1900: "Briefly, if I were czar, I would make no dividends upon common stock; save all surplus and spend it for a hoop and cotton tie mill, for wire and nail mills, for tube mills, for lines of boats upon the Lakes for our manufactured articles and to bring back scrap, etc . . . If you are not going to cross the stream do not enter it at all and be content to dwindle into second place."

2

"WHA daur meddle wi' me?"—this Scottish ballad, which Carnegie liked to sing, he now proceeded to reduce to unmusical prose. If his campaign had an element of remorselessness, at least he selected, as he usually did, the mightiest of his foes for retaliation. Mr. J. P. Morgan was the greatest captain in the financial world. For years the squadrons of money and industry had obediently answered his every nod. In 1900 he stood at the peak of his power, and that any man, even the greatest American manufacturer, would regard his encroachment in other than a submissive frame of mind probably never entered his calculations. Possibly Mr. Morgan's far-seeing vision did not perceive, though the truth soon became apparent, that in a contest with Carnegie the primary advantage lay on the ironmaster's side. Carnegie's strength and Morgan's weakness were pointed out in the report on the United States Steel Corporation made by the Stanley Committee in 1912. "It was a contest between fabricators of steel and fabricators of securities; between makers of billets and makers of bonds."* The National Tube Company, which broke relations with Carnegie in 1900, was an assemblage of nineteen previously competing plants. If the descriptions of the time may be trusted, they were rather a tatterdemalion lot. Before combining these "scattered possessions," Mr. Morgan sent Mr. Julian Kennedy, a distinguished expert on steel factories, to visit and appraise their value. Mr. Kennedy reported

that \$19,000,000 would represent their market worth.* On the basis of this estimate the aggregation of cripples was brought together under the name of the National Tube Company and capitalized at \$80,000,000. Never has the familiar comparison of the Phoenix rising from its ashes been more vividly illustrated. For years the tube business, because of unrestricted competition, had led a poverty-stricken existence, but now it flowered into exuberant and profitable life. The business of making tubes for a hundred million people—pipe for plumbing, for boilers, for conducting oil from the well to the marts of trade—such was the practical monopoly Mr. Morgan had created. Because all competition had been quashed, ninety per cent. of the business passed instantaneously into the National's hands, and prices were uplifted in keeping with this opportunity. A critical public might vociferate; the fact remained that the National Tube Company was earning 17 per cent. on its capital stock and, as the severance of relations with the Carnegie Company showed, new conquests were being planned.

Yet this very prosperity constituted an element of weakness. Through all of Carnegie's pronouncements at this time there runs the same contemptuous note. "We should look with favor upon every combination; the bigger they are the more vulnerable they become." When the National Tube ceased purchasing billets, he wrote to Lauder: "We ought to go into tubes because we have the combine at our mercy and lost trade we used to have before the National Tube works left us. It is clear sailing."† The reason why he felt no sense of danger is apparent. Braddock, Homestead and Duquesne represented the finest accomplishments of engineers; when placed side by side with the creaky mills that Morgan had assembled, several of which dated from the Civil War, they shone to particular advantage. The Carnegie Company had no watered stock on which dividends must be earned; there was no anxious public watching its ups and downs on the Exchange, and no bankers in the background insisting that these dividends be paid. Should the Carnegie Company start making tubes and fail, its loss would be its own affair, merely a passing misfortune, to be recouped in other fields; should the National Tube meet adversity, its securities,

*Stanley Committee Report, page 15.

†June 3, 1900.

tumbling in a mighty crash, would involve thousands in ruin, and injure, perhaps seriously, the banking firm that had sponsored them. The National's strength was its monopoly; it was the only bulwark, and this was a fragile reed when a band like the Carnegie Company was in the field. Even from Mr. Morgan's own standpoint, the financial one, the Pittsburgh group was not to be despised. Carnegie earnings in recent years had been tremendous; of these only a moderate sum had been subtracted for distribution, and adequate sinews were daily accumulating for expansion. Estimated profits from 1900-1901 were \$50,000,000, and credit, should borrowing become necessary, was unlimited. Thus the performances of the Morgan combination caused little apprehension, for the appropriate counter movement lay too plainly on the surface.

Carnegie and Schwab now promptly put their heads together. Schwab visited Skibo that summer, returning in September full of enthusiasm and projects. About a month after his arrival in America Carnegie himself dropped into the Pittsburgh office, where he found the young man engrossed in blue prints and engineers' drawings. Plans for a new tube plant embodying all the resources of modern science were practically complete. Unlike other Carnegie establishments this new emporium was not to be erected in the Allegheny district. On the shores of Lake Erie, almost at the dividing line of Pennsylvania and Ohio, stood the little city of Conneaut—the northern terminus of that Bessemer railroad which, in protest against the exactions of the Pennsylvania, had been constructed a few years before. Not only was Conneaut Harbor the finest on the Lake, but it formed an almost perfect transportation center to all parts of the United States and, for that matter, of the world. From this point railroads branched off in every direction, and water routes—lakes, rivers, canals—promised the cheapest rates to all markets. Here Carnegie's agents had purchased five thousand acres stretching a mile along the Lake front, and here the tube mill was to be built, at a cost of \$12,000,000. This venture was only the beginning. Land in plenty had been acquired for other "finishing" works—tin plate, barbed wire, nails and the like. In other words, the Carnegie Company was preparing to manufacture those articles for which it had formerly turned out crude steel,

and thus regain the market which was slipping away. A great steel city, not unlike that which afterward rose at Gary, Indiana, was in process of incubation.* One advantage above all others had led to the selection of the site. Carnegie steamships bringing ores from Lake Superior were here unloaded, their cargoes then being transhipped, by way of the Bessemer line, to the Pittsburgh domain. It would obviously be a simple matter to detain a sufficient tonnage of these ores at Conneaut for transmutation into steel pipe, thus saving the cost of freightage to the larger entrepôt. But the location of Conneaut had more charming arguments in its favor, for it could furnish coke at practically no expenditure in freight bills. Years afterward Carnegie, when discussing his plans at Conneaut, would dilate on this advantage with sparkling eyes. Trains in unending procession were carrying ores from Conneaut to the Monongahela. A defect in the Bessemer railroad was that these trains were obliged to return empty to Conneaut, there being no return cargoes. It cost almost as much to run freight cars empty as loaded. Carnegie now proposed to fill these "empties" with coke for his Conneaut works—at an additional cost, he figured, of only one cent a ton. A prettier scheme the wit of man could not have devised. At one stroke the problem of finding northward freight for the Bessemer line was solved, and a fuel supply was obtained on Lake Erie as cheaply as at Pittsburgh. Moreover a new development in the art of making steel pipe had taken place. The prevailing method was to take a thin slab of steel, bend it over on itself and weld together the two edges, but now a scheme had been discovered for pushing hot material through rolls, the finished tube, devoid of seam, appearing at the other end. This innovation the Carnegie Company had acquired. The new works would introduce improvements in every other detail. Very little human labor would be enlisted, most of the operations being performed by machinery. The ore would enter the process at one end, undergo a series of changes, and emerge in the form of steel pipe, much like

*Carnegie always regarded the Gary site as a great mistake. The United States Steel Corporation, he said, should have built its steel city at Conneaut. "I wonder that the Steel Company, instead of going to Gary, did not do what we proposed. If they had spent half the money at Conneaut, according to our plans, instead of spending double at Gary, the steel stock would have been worth more than it is today." Stanley Committee, page 2511.

the continuous mechanism under which a Ford car is obtained to-day.

"How much cheaper, Charlie," asked Carnegie after a thorough examination of the completed plans, "can you make tubes than the National Company?"

"Not less than ten dollars a ton."

"Go on and build the plant."

If ever an aggressive capitalist found himself checkmated, Mr. J. P. Morgan was that man. He said nothing, but his associates, when the Conneaut enterprise became known, stormed and abused. Carnegie, never especially popular in Wall Street, was now the object of its bitterest attacks. "When Andrew Carnegie gave his approval to the plant at Conneaut," said one observer, "he became at that moment an incorporated threat and menace to the steel trade of the United States." Carnegie remained smilingly imperturbable. "I did not leave the National Tube Company," he remarked, "the National Tube Company left me." War? Of course; what else was business but war? Had not Mr. Morgan been the original assailant? That potentate asked Schwab to come around for a "talk," but the invitation was declined. Then Charles Steele, the leading Morgan partner, put his pride in his pocket and called on Schwab. Mr. Morgan, he informed the young man, was greatly "alarmed." The reason for such alarm was clear enough, for the successful fulfillment of the Conneaut plan meant that the securities—\$80,000,000 par value—based upon the National Tube Company would be worthless.

Nor was this all; trouble was brewing for Mr. Morgan on another front. In 1899 Alexander J. Cassatt became president of the Pennsylvania Railroad, on the death of Frank Thomson. Mr. Cassatt's most pressing problem was to find additional revenue. As always, there stood Pittsburgh, a mighty warehouse of railroad freight, and the Carnegie properties, even more preëminent as the largest single shippers in the world. The special rates secured from Frank Thomson in 1896 were now abolished and charges to the Carnegie Company increased one hundred per cent. This new impost meant the denunciation of the existing Carnegie-Pennsylvania treaty; it signified also that Carnegie's lifelong battle with the Pennsylvania was about to be renewed. The prospect found the

Scotsman, as always, ready for the fray, and, as ever, full of stratagems. Powerful as Carnegie had been in 1896, he was vastly more so in 1900. In the intervening years his talents as a railroad builder had been displayed, and not unnaturally the success of the Bessemer line acted as a spur to additional exploits in the same field. More and more, as the situation grew, did this Bessemer road appear as the one controlling fact in the Carnegie battle line. It had brought the Pennsylvania to bay in the crisis of 1896; it had given Carnegie products free access to all the trunk lines of the Northwest; it had made possible the location of the proposed tube works at Conneaut Harbor, and in itself largely explained the low cost of manufacturing at that point. And it was now to serve as a weapon with which to strike a final blow for supremacy. How Carnegie, twenty years before, in association with William H. Vanderbilt, started to parallel the Pennsylvania from Pittsburgh to the Atlantic coast, has already been related. He was then a young man but now, although old age was advancing, he proposed to revive this project. A new principle and a new phrase—"community of interest"—had been incorporated in American railroading, largely through the generalship of J. Pierpont Morgan. In the last decade a series of court decisions and a steadily mounting mass of state and federal legislation had made impossible the methods under which American railroads had operated from the beginning. Railroads could no longer purchase competing lines; "pools" or agreements on rates and partition of business had been declared illegal; yet open and unrestricted competition was a prospect the roads were not prepared to face. A way out was the purchase, by one trunk line, of stock in another—not enough to give control, but enough to justify the interloper in having a word to say on management. Acting on this principle, Mr. Cassatt had signalized his inauguration as president of the Pennsylvania by obtaining a large interest in its annoying competitor, the Baltimore & Ohio, two Pennsylvania directors entering the one-time enemy's directorate.

The popular outcry increased in vehemence when news of this transaction reached the public ear, and that it was illegal—a palpable evasion of laws prohibiting the acquisition of competing lines—the Pennsylvania practically admitted a few years afterward by

selling its Baltimore & Ohio stock. The intimate alliance thus formed between the two trunk lines, both of which tapped the Carnegie works, their tracks actually running through the Edgar Thomson mill, did not improve the outlook for Pittsburgh. The significance of "community of interest," so far as Carnegie was concerned, was forced home when President Cassatt doubled the rates on all Carnegie shipments to the seaboard, thus undoing the compact made four years earlier with Frank Thomson.

To Charles M. Schwab

Skibo Castle,
Ardgay, N. B.
9th October, 1900.

DEAR MR. SCHWAB,

Will you please have prepared for me a thorough statement of the Railroad situation? Give former rates and present rates showing percentage of increase. Give this also for Southern district and Chicago district, the idea being to see whether these two competing districts have been similarly handicapped.

Also statement giving amount of stock held by the Pennsylvania in the Baltimore & Ohio, the New York Central, etc. The report of the Pennsylvania will show this; also that of the New York Central.

Mr. McCague established his reputation with me by getting the secret rates in Chicago. I think it would be well to appoint him in charge of this, and let him ascertain all low rates given to our competitors. He knows how to do it.

Embrace in your papers a copy of the constitution of Pennsylvania, and a report by our legal department as to whether the Pennsylvania road can own stock in a competing line in Pennsylvania, which the Baltimore & Ohio is. I know that it cannot obtain control, but a majority of stock is not necessary to do this. A large block of stock voted solidly often controls, and my point is that if President Cassatt were on the stand, he would have to answer: "What was your object in putting the funds of the Pennsylvania stockholders into this foreign railroad?" He would have to answer,

"so that he could influence its rates." In other words, he is trying to evade the Constitution, doing indirectly what he is forbidden to do.

Of course no railroad official will be permitted to sit down and with a stroke of his pen injure, and in many cases destroy, the value of all the manufacturing property of a district. No country permits this, and you may be sure ours will not. We can arouse public sentiment to the fighting pitch in three days if we have to. The Board of Trade in Britain controls the rates, and in every country in Europe railroad rates are regulated. So they will be with us unless these two reckless men are brought to their senses. I intend to have the Chamber of Commerce of Pittsburgh call a meeting of our citizens in Pittsburgh and invite all the manufacturers and business men of western Pennsylvania and eastern Ohio to attend a mass convention in Pittsburgh, which I will address. My plan is to appoint a committee to have charge of the matter, employ the highest legal talent and attack the Pennsylvania Railroad for violation of the Constitution, and expose the whole matter to the people.

Imagine the people of Pittsburgh permitting two men, Messrs. Cassatt and Vanderbilt,* to sit in an office and decree that Pittsburgh as a manufacturing center is stricken while other manufacturing centers have the advantage of competing rates. Imagine Mr. Cassatt trying to pass traffic from New York through the streets of Pittsburgh to Chicago, except at pro rata rates. Our traffic passing east or west passes over every mile of the Pennsylvania Road from Pittsburgh to Philadelphia, through the Pennsylvania's hands. Their traffic from the West to seaboard does the same. He will carry the Pittsburgh traffic at the same rate per ton per mile as the Pennsylvania receives upon its Western traffic. I have no doubt about this. Pittsburgh has suffered long enough. She need not suffer a day, she has the remedy in her own hands. There is no legal right which the Pennsylvania Road has to charge us more per ton per mile for our traffic passing over its entire line from Pittsburgh to Philadelphia than it charges upon Western grain and other traffic passing from Chicago to the seaboard. Nor

*William K. Vanderbilt, head of the New York Central interests.

will the Pennsylvania Road be permitted to do this if I can stop it, and I think I can.

Of course all this is for ourselves. The plan will be to appoint a committee and ask an interview with the Pennsylvania officials and lay our case before them, making no threats, but using every effort to arrive at a just settlement. Failing that, we will teach Mr. Cassatt and Mr. Vanderbilt a lesson. The public is in no condition to stand the Pennsylvania Railroad attempting to bottle up Pittsburgh again.

What you well said when here, Mr. Cassatt's action is the most serious blow we have ever received, and it is a life and death struggle. If we are to be at the mercy of any one man our property is not worth having.

The deliverance of Pittsburgh is my next great work, and this time it will be thoroughly done, once for all, if I live. I did think that Mr. Cassatt had had one lesson that would serve him all his life, but he seems to have a short memory. But I have great hopes, let me tell you, of our coming conference with him. He is a clever, able man, has a versatile brain. He has hastily assumed that he could make what rates he pleased through combination with competing lines. That the public will not stand.

Very truly yours,

ANDREW CARNEGIE

P. S. Please have all the documents ready for my address when I arrive, as I do not wish to lose a day. We must strike while the iron is hot. I hope the surveys for our line to the coke region are going forward.

That Carnegie had other resources than mass meetings the final sentence of his postscript shows. He had already secured access to the Lakes by building one hundred and fifty miles northward to Conneaut; by constructing almost exactly the same mileage southeasterly he would attain his goal—the Atlantic seaboard. Carnegie's papers for this year contain pencil sketches—his own drawings—of tentative railroads in this region, and there are many approaches from railway executives, proposing connections with their properties. The most sweeping undertaking of the era was the continental line being put together by George Gould—a trans-

portation highway beginning at Baltimore and ending at San Francisco. An entrance to Pittsburgh, the Pittsburgh Terminal, extending from Toledo to the stronghold of steel, was already being built. A contract was now quickly made with Mr. Gould, under which the Carnegie Company was to furnish him one-fourth of its tonnage, as soon as the Pittsburgh Terminal was complete. Mr. Gould, as part of his system, had recently acquired the Western Maryland, which had its terminus at Baltimore, and thence extended westward to Wheeling, through northern Maryland. An all important junction was Cumberland. By building a hundred and fifty-seven miles from Pittsburgh to this latter point and making arrangements with the Western Maryland, Pittsburgh traffic would obtain perfect access to the Atlantic. For the first time in its history, a city that had been smothered for two generations—a kind of black hole of Calcutta so far as transport was concerned—would breathe fresh air.

The official attitude of the Pennsylvania toward this programme was part mockery, part trepidation. Publicly the word most freely used was "bluff," but in private the fear was expressed that Carnegie meant business. The Bessemer line when first proposed—this fact was ever present in the minds of Pennsylvania officials—had been greeted with derision, yet there it was, in profitable operation. That this achievement might be repeated was not improbable; indeed, the plan was so comparatively simple that it seemed almost inevitable. One man, the leader of American finance, thoroughly believed in Carnegie's determination. "Carnegie," Mr. Morgan said to Schwab, "is going to demoralize railroads just as he has demoralized steel." The word "demoralization" had a particular definition in Morgan's mind. What he really meant was that Carnegie was an implacable competitor, that his competitive instinct was to be applied to railroads, and that the "community of interest" which was to end rivalries and maintain rates at the highest possible level was facing an ominous attack.

3

"SCHWAB's dinner here remarkable," Carnegie wrote Lauder, December 8, 1900. "Mr. Smith tells me that everyone invited has

accepted, and really the biggest men in New York. He is a favorite indeed! This makes him all the more valuable to us. I'm greatly pleased. I am going up for an hour. I must be at the dinner of the Pennsylvania Society to speak on Industrial Pennsylvania."

There is nothing in this letter suggesting that Carnegie regarded the forthcoming occasion as a critical moment in his life; still less—as the legend afterward persisted—that this testimonial to the president of the Carnegie Company was a plot shrewdly concocted by himself with a definite purpose in mind. A short time previously, Mr. J. Edward Simmons, Mr. Charles Stewart Smith and a group of New York bankers had visited Pittsburgh, inspecting what was to them an unknown world—a huge steel works in operation—and received royal entertainment from Schwab. In return for this courtesy Mr. Simmons and Mr. Smith had arranged a dinner for Schwab at the University Club, on December twelfth. About eighty guests were present, including, as Carnegie proudly notes, practically all the leaders of industry and finance in New York. Mr. J. Pierpont Morgan, the most distinguished of this impressive company, was appropriately placed at the right of the guest of honor—a collocation not lacking in a certain piquancy. Here was the leader of American money, then in his prime and at the crest of his power—a power most recently signalized by his invasion of steel—in amiable conversation with the young man—Schwab was then thirty-eight—who was generally supposed at that moment to be planning enterprises that might have an unsettling effect upon the Morgan régime. This note was further accentuated when Schwab rose to speak. The after dinner qualities that have since become widely known never appeared to better advantage. Schwab's topic was the one that had formed his daily occupation since the era of Captain Bill Jones. "He started out by saying," remarked Judge J. H. Reed years afterward, "that he could not talk about anything but steel. I remember that because he always starts every speech that way." Suave though the oration was, its dominating idea implied a severe criticism of the conceptions that had guided Wall Street's interposition in the steel trade—an encroachment in which the chief listener, intently absorbing every word, his eyes fixed on his dinner plate, his lips abstractedly cudgeling an unlighted cigar, had been the most conspicuous innovator.

The tendencies brought in by the Morgan leadership—Schwab did not mention names, but that was what the analysis signified—must give way to a new, even a more intelligent programme.

The speaker took the assembled bankers up to the mountain top and spread before their startled eyes the splendor of his universe of steel. The unfolded prospect was a new and dazzling one. The familiar statistics of progress, the already demonstrated leadership of the United States, the comparative littleness of its chief rivals, Great Britain and Germany, were used to point the all-important truth—that the future of steel was an American preserve and that America's natural resources were something no other country could hope to emulate. Yet the problem of ultimate economies and the consequent reduction of prices still remained. In cheapening cost the Carnegie firm had gone far, but the lowest possible level had not yet been achieved. In what line could savings be still further introduced? In one respect the final word had been said. For the life of him Schwab did not see how new machinery or new chemistry could add much to the expertness of the plants already in operation. If cheaper steel were to be made, other reliances than improved technique must be devised. One field remained in which there was abundant room for improvement: that of organization and distribution. Specialization itself would accomplish great savings. The same mill too frequently turned out a dozen different articles. Suppose it should limit its activities to a single "line," that one plant make rails, another structural steel, another beams, another columns, another cars, another wire, and so on? Millions in profit would result from such a revolution. One-third of the price of steel was transportation—the labor comprised in getting the product from mill to consumer; here was another opportunity for progress. The judicious selection of sites would save vast profits that were then wasted. Most existing plants were badly located; they had been apportioned in haphazard fashion, in the infancy of making and marketing steel; readjustment along this line would similarly benefit the public. Probably Conneaut, as an illustration of wisdom in this detail, was present in the speaker's mind and that of his hearers, but a possibly irritating example was left unnamed. The same "keynote" formed the guiding inspiration

of the whole address. American steel, highly developed in artisan-ship, had made merely a beginning in organization.

How was this indicated goal to be attained? No existing concern, great as certain ones might be, was sufficiently large to accomplish the ends in view. The Carnegie Company had recently discovered its own incompleteness. It turned out vast tonnages in bulk, but was not equipped to transform crude metal into articles of daily need. Only a corporation larger than any then existing, encompassing all kinds of mills, all kinds of finishing plants, all kinds of ore fields and transportation lines, could achieve that degree of "integration" which would place the industry on a really scientific basis. But the type of amalgamation which had recently become so familiar would not do; Carnegie himself could not have assailed the "trust" of the day more severely than his disciple. The prevailing formula—acquiring a monopoly, restricting output and increasing prices—was little less than an industrial crime. The era of pools, trade agreements and the like was gone, never to return. The ambition of such a consolidation as Schwab had in mind should be to put prices down, and economies brought about in the way briefly described would accomplish this reduction.* Perhaps the more cynical of Schwab's audience regarded these statements as the ebullitions of youth, yet, twenty years afterward, the Supreme Court refused to dissolve the United States Steel Corporation on the ground that it was not a monopoly, that it had not suppressed competition or indulged in the vicious practices against rivals that had too frequently marked the course of American business, and that—after a preliminary sinning, it must be granted—it had ended pools, secret understandings and similar methods of restraining trade.

That the speech profoundly impressed Mr. Morgan was clear. After the cheers had subsided he took Schwab by the arm and led him to a corner. For half an hour the two men engaged in intimate conversation. The banker had a hundred questions to ask, to which Schwab replied with terseness and rapidity. The talk ended, Mor-

*The speech was delivered without notes and was never reported or reduced to writing. The abstract in the text is based upon Schwab's précis made for the Stanley Committee in 1911 and as a witness in the suit to dissolve the United States Steel Corporation.

gan left for his home and Schwab took the midnight train for Pittsburgh. The germ that resulted in the world's largest corporation had been implanted.

It would be difficult to persuade a skeptical generation that Carnegie knew nothing in advance of this speech or that he had not prompted the whole thing. He was not present at the dinner, stepping in only for a few moments while on the way to another engagement, and heard no part of the address. Yet it has always been believed that the rhetoric of Schwab was merely part of Carnegie's skillful campaign for transferring his property to the House of Morgan. The truth will never be definitely known, though this popular interpretation of events Schwab has denied persistently. In all the Carnegie papers there is not a line, or a hint, unless the letter to Lauder, quoted above, can be so considered, that he was guiding Schwab's movements. Nor is there any evidence that the dinner and the speech were ever discussed between the two men. The speech itself was not particularly new, having been made in essence on other occasions, and the ideas underlying it were with Schwab matters of daily conversation. Yet it is true that Mr. Charles Stewart Smith who, with Mr. Simmons, acted as host on the occasion, was one of Carnegie's most intimate friends.

But the point need not be pressed; the event is more important. The wisdom absorbed at the Simmons banquet gave Morgan substance for thoughtful rumination. Normally a man of few words, he kept mentioning it, in the course of the following days, to his partners. "It was apparent that he had seen a new light," remarked Robert Bacon some years afterward. Morgan's first step was to send for John W. Gates. "Do you think the Carnegie property can be acquired?" he asked. Gates regarded this as quite possible. "I think I shall take it up with Frick," Morgan replied. Gates's hand was raised in deprecation. The great man's ignorance of certain matters appalled his visitor. "If you do that," Gates continued, "you will never make a trade with Mr. Carnegie." Then he added: "There is only one man who has any influence with him and that is Charlie Schwab." Morgan asked Gates to arrange a meeting. When Gates telephoned Pittsburgh and asked Schwab to come to New York—"Mr. Morgan wants to see you and the matter is important"—there was some hesitation. Carnegie and Morgan

were not on cordial terms, the steel man's denunciation of Wall Street, his refusal for years to be swept within its orbit, and his recent railroad and tube plans, not being regarded as manifestations of a friendly spirit. Would a confidential meeting with Morgan not involve disloyalty to Carnegie? Gates resolved the matter by proposing an "accidental" confrontation. Could Schwab not drop in casually at the Bellevue Hotel in Philadelphia on a particular day? Possibly Mr. Morgan might be there and the two men could have an informal chat. Schwab accepted the suggestion, but when he arrived for his unpremeditated rendezvous no Mr. Morgan was to be found. Instead there came a telephone call from New York. A snow storm was raging, Mr. Morgan was laid up with a cold and, under his doctor's orders, could not leave the house; he hoped that Schwab would come to New York and meet him at his home—a plea of invalidism in which the younger man acquiesced.

The next scene was enacted that same evening in the Morgan library. An incongruous place, one might think, for such a deliberation. Here extremes met—medieval Europe with its art treasures and books, and bustling America with its steel, its railroads, its iron mines, and figures so distinct and yet so representative as the four assembled at the session. Each of the participants embodied the forces that were making the modern American world. At the head stood Morgan, gruff in speech, florid in face, his eyes searching as he put his questions, yet feeling his way in what was for him an unknown land. There was an underlying dissatisfaction, perhaps a touch of suppressed anger, natural enough in a man who was dealing, possibly for the first time, with conditions not entirely under his own control. Dependence on others Morgan could not be expected to enjoy. Probably the gentleman who most keenly relished the human element involved was the rubicund and Falstaffian John W. Gates who, as Morgan's first confidant in the proceedings, attended the gathering. For Gates was nothing if not human—a rollicking soul compounded of all failings and all virtues, half enthusiast, half charlatan, a builder and a destroyer of values, a juggler alternately with steel mills, the stock exchange and the card table—"Bet-you-a-million-Gates" was one of his nicknames—a man who maintained the Jim Fisk tradition in American finance and

simultaneously played an important rôle in the growth of industry. Nothing more succinctly symbolized Gates's anomalous influence than that Morgan should now fall back on him as an assistant in forming his corporation, and then, after the work had been completed, should veto his election to the directorate on the ground that his reputation as a plunger would prove injurious to its standing. No sense of the forthcoming humiliation disturbed Gates's pleasure now, his keen mind, his alert humor and his abundant knowledge of the steel trade helping the discussion over more than one obstruction. His huge figure and his frontiersman behavior appeared to best advantage when placed in contrast to Robert Bacon, Morgan's partner and associate in the pending deal—Bacon, born in the New England purple, trained at Harvard, the classmate and friend of Roosevelt, and a reigning favorite in the most accomplished circles. Morgan's fondness for surrounding himself with attractive men was well known, and for several years Bacon added this essential charm, as well as a sound, if not outstanding, ability, to the corner of Broad and Wall streets, as he did afterward to the Secretaryship of State and the French Ambassadorship. His attitude this evening was not aggressive; he was rather the observing diplomat; he was cautious, not entering with zeal into a proposal which he regarded as too big, even for the House of Morgan. His serious work in negotiation was to come later, not with Carnegie but with the other interests that were absorbed.

In this all night symposium Morgan and Schwab did most of the talking. "I have asked you to come here," Morgan began, "to tell me again the things you spoke about the other night, only in greater detail." Schwab complied. He had brought statistics on the companies which were essential to the new amalgamation, and for several hours he set forth, in encyclopædic exhaustiveness, all the information he had gathered about steel in the preceding twenty years. His conversation was a particularized look into the past and into the future. Long before he finished, Morgan had become convinced. The time was evidently ripe for a company like the one forecast a few evenings before. Any such undertaking without Carnegie as nucleus would be absurd—that question was too obvious to be discussed. Some years afterward a humorous observer described the position in which Morgan found himself

at this crisis. "The cooks discovered they had prepared and were ready to bake the finest plum pudding ever concocted, but that Mr. Carnegie had all the plums." No such undignified language was used on this solemn occasion, yet the idea was present in everyone's mind. There was another question at issue—not so simple: what other concerns should be invited to participate? Schwab had already settled that matter. No attempt should be made, he said, to bring under one domination all the great steel centers of America. The Carnegie and the Federal would form an adequate substratum. There were several other big firms organized on similar lines—Jones & Laughlin, Bethlehem, Cambria, Pennsylvania, to mention the most outstanding—and their independence should not be disturbed. Their facilities duplicated, though in smaller degrees, those of the Carnegie and the Federal, and to acquire them would add nothing to the symmetry of the scheme. But neither Carnegie nor the Federal, except to the extent already indicated, finished their products. To them should therefore be added all the "Americans"—Tin Plate, Hoop, Sheet Steel, Bridge, Steel & Wire—that transformed the crude ingots into retail articles. And of course Mr. Morgan's favorite company, so seriously threatened by a recent proposal—the National Tube—would be needed. The programme Schwab outlined was in virtually all respects the one that went into effect. On this fateful evening he gave Morgan a memorandum stipulating precisely what should be paid for each of the constituents of the new organization, and these figures, with one exception, were the ones adopted. The United States Steel Corporation was born that snowy night in the Morgan library.

A single question remained: Would Carnegie sell out? Morgan's query at first might seem absurd. Carnegie's determination to retire had several times been forced on the banker's attention. Frick had tried to transfer the company to the Federal Steel and had sought afterward to enlist Morgan's interest in the Moore option. Schwab had more than once suggested to Elbert H. Gary that the company be acquired. Despite all this Schwab was in doubt. No one knew better than he how changeable "the old man" was. The mere fact that Carnegie had planned retirement did not necessarily mean that, a definite opportunity having arrived, he would do so,

and the actual separation, Schwab well understood, would be a mighty pang. Carnegie's nature could incline to many conflicting influences and it was a question which would prevail. In answer to Morgan's question he replied that Carnegie's behavior for the preceding ten years had indicated a desire to withdraw and that acceptable terms would undoubtedly be entertained.

The sun was now streaming into the library windows, the deliberation having lasted from nine o'clock in the evening until dawn. Morgan brought matters to a close by rising.

"Well," he said to Schwab, "if Andy wants to sell, I'll buy. Go and find his price."

4

THAT Schwab was really dubious about the success of the proposal is evident from his first move after being entrusted with this mission. Intimate as were his relations with Carnegie, and familiar as he was with his personal ambitions, he clearly regarded this as a delicate proceeding, in which caution was required. Schwab was even a little nervous as to how the veteran would receive the news that the president of the Carnegie Company had, entirely without his knowledge, been negotiating with the enemy—for that was unquestionably the position Morgan then occupied. Schwab therefore presented the matter in the first place to Mrs. Carnegie. No one sympathized more keenly with Carnegie's plans for disposing of his wealth than his wife; and, as Schwab anticipated, Mrs. Carnegie proved a ready convert. She suggested that Schwab make an appointment for golf with Carnegie at the St. Andrews Club, north of Yonkers, New York—a secluded spot that for years had been a favorite place of retreat and recreation. The following day the two men had a round, after which they adjourned for lunch and Schwab made a confession of his meetings with Morgan.

Carnegie's first response was cold and unenthusiastic. The moment of escape which he had anticipated for many years was now at hand, yet he shrank from a decision. He wished to sell and at the same time he was extremely reluctant to do so. Schwab's arguments appealed to his reason and to his inclinations, but the emotional side, equally strong with Carnegie, made him hesitate. The

steel campaigner of forty years now, at the hour of his greatest triumph, presented a pathetic picture. The suggestion of giving up the fortress was visibly shocking and, for a time, he sat silent and brooding, showing no disposition to canvass details. Presently, however, Carnegie pulled himself together. He wished a night to ponder the matter. Schwab was requested to call next day at the New York home, and meanwhile to formulate his own estimate of a fair asking price, Carnegie adding that he would also turn this vital point carefully over in his mind.

The fact is, of course, that Carnegie needed little persuading. He well knew that the time for parting had come. No opportunity so favorable was likely to recur. Only one banker could handle a transaction of such proportions, and that was the firm that had now come forward. The Morgan house, as the agent that was to facilitate Carnegie's exit from business, strongly appealed to his romantic side. No man had a keener sense of climax and personal drama, and for "Pierpont," as he always called the presiding deity of Wall Street, he had a regard that all the rivalries and disagreements of recent years had not dispelled. "Pierpont's" father filled a particular niche in Carnegie's memory; had he not been the medium of his first success in business on an international scale? The money Carnegie had invested in his original rolling mill had been derived in large part from commissions earned on bond sales to the Morgan house. Inevitably in Carnegie's recollection now rose the venerable figure of Junius Spencer Morgan, sitting in his London office, listening sympathetically as an eager, tow-headed salesman from America descanted on the future of the United States. The forty intervening years had more than justified the confidence shown by the elder Morgan in his transatlantic friend. His son's business life and Carnegie's had lain in different paths, yet each had reached the pinnacle in his respective field. And now, each at his supreme moment, Morgan and Carnegie had come together again.

Under these conditions it is not surprising that the transaction was speedily and amicably arranged. This time there was no talk of "options" and two million dollar forfeits. The blunders committed in the Moore negotiations were not repeated. No longer was Carnegie dealing with ghosts in the background. Yet the value

placed on the property in 1901 was essentially the same as that stipulated in 1899. The sum then asked, \$320,000,000, became the basis for the total now proposed to Morgan. Two years had passed; in that period the Carnegie Company had enormously increased in assets and earning power, and this progress was entitled to recognition in the new selling price. In 1900 the company had made \$40,000,000; the estimated figure for 1901 was \$50,000,000; and all this prosperity had been attained since the Moore option. Carnegie and Schwab now agreed that these profits of \$90,000,000 should be used as a kind of yard stick for measuring the growth of capital value since 1899. The \$320,000,000 was therefore increased \$80,000,000, making a total of \$400,000,000. There were outstanding \$160,000,000 in Carnegie bonds and \$160,000,000 in shares. The new Morgan corporation—yet unnamed—was asked to exchange its bonds for Carnegie bonds on an equal basis. For each share of Carnegie stock, \$1,000 par, it was to issue \$1,500. Thus no premium on Carnegie bonds was exacted, but a fifty per cent. increment was demanded for Carnegie stock. After a few minutes' discussion Carnegie took a sheet of paper and, with a lead pencil, jotted down these terms. Schwab was directed to take that informal document to Mr. Morgan. The greatest commercial transaction in the history of the world was agreed upon in this simple, direct, and uncontentious fashion. Carnegie said, "That's what I'll sell for," and Morgan, glancing at the paper, replied, "I accept." There was no diplomacy, no haggling, no bidding up and no beating down. Like a modern retail merchant Carnegie marked his goods with a definite price, and that price was unhesitatingly paid. No meeting between the two men most intimately affected was at that time necessary. The negotiations, from first to last, were in the hands of Schwab. For Morgan, indeed, there still remained plenty of work; there were eleven other companies to be brought within the fold, and the labor involved in these transactions and the details of launching the enterprise extended over two months. But that story does not involve Carnegie, whose part in the affair was completed in early January, 1901.

Though Carnegie and Morgan never met to discuss the terms of sale, Morgan not unnaturally desired to have a few words with the man who had proved so formidable a foe and with whom he had

now reached so friendly an agreement. One day, several weeks after the negotiations were ended, Carnegie's telephone rang. Would he not come down to Wall and Broad streets for a little talk? As Carnegie was older than Morgan this invitation seemed unbecoming. "Mr. Morgan," he replied, "it is just about as far from Wall Street to Fifty-first as it is from Fifty-first to Wall. I shall be delighted to see you here any time." In a brief period Morgan appeared at Carnegie's home. The ensuing conversation was pleasant and satisfactory. Mr. James Bertram, Carnegie's secretary, timed the interview, taking out his watch. Morgan emerged after precisely fifteen minutes had elapsed. So little time did two great men require to discuss a matter involving \$400,000,000!

The parting was good-natured. At the door Morgan grasped Carnegie's hand.

"Mr. Carnegie," he said, "I want to congratulate you on being the richest man in the world!"

A few days afterward Morgan awoke to a startling discovery. This understanding had been reached in so casual a fashion that no legal papers had been signed. He summoned his own counsel, Mr. Francis Lynde Stetson, and Carnegie's lawyer, Judge J. H. Reed.

"Do you realize what I have done?" he said. "I have sold the Carnegie Company short." He had organized the United States Steel Corporation, brought together all the other subsidiaries, and had made no contract with Andrew Carnegie. Judge Reed described the incident in his informal way:

"He [Morgan] told us in substance that he had just awakened to the fact that he was making contracts here with stockholders of the Federal, the National, the National Tube, and so on, and he had not a scratch of the pen from Mr. Carnegie under which he could hold him or his estate if he died. He said, 'You men go up the street as fast as you can and get me something.' We took the Elevated and went up to Mr. Carnegie's house and explained what we were there for. He had a little room next to his library, and he was getting begging letters by the bushel; that is literally true. They were carrying them in in bushel baskets, from people wanting wooden legs and everything imaginable. . . . Mr. Stetson and I then, with occasional interruptions from Mr. Carnegie, dictated

a letter to Mr. Morgan, or to J. P. Morgan & Co., which Mr. Carnegie signed, and we took the original down with us to Mr. Morgan and he seemed quite relieved.”*

This letter merely repeats in legal phraseology the terms settled first between Morgan and Schwab, subsequently confirmed at the meeting between the banker and Carnegie. “Referring to my conference with Mr. J. P. Morgan and to your request that the results of that conference shall be stated definitely,” Carnegie’s letter begins—a sentence which in itself disposes of the belief that Carnegie and Morgan never met in the course of the negotiations. Carnegie agreed to deliver \$86,145,000 in bonds and \$92,639,000 in stock of the Carnegie Company, and to accept in exchange \$225,639,000 first mortgage five per cent. gold bonds of the United States Steel Corporation. The Carnegie securities included Carnegie’s own and those of his sister-in-law, Mrs. Thomas M. Carnegie, and of his childhood playmate, George Lauder, Jr.

The following note, written to his oldest partner, gives a glimpse into Carnegie’s mind at this time:

To Henry Phipps, Junior

5 West 51st Street,
Sunday eve.

[Undated—Probably March 10, 1901.]

MY DEAR H. P.

Mr. Stetson has just called to tell me *it is closed*, all fixed—big times on Stock Exchange tomorrow.

Well, this is a step in my life—a great change, but *after a time*, when I get down to new conditions, I shall become I believe a wiser and more useful man, and besides live a dignified old age as long as life is granted, something few reach.

Yours,
A. C.

Dr. Jasper Garmany, physician to both Carnegie and Phipps, tells another anecdote about this Sunday evening. Carnegie was

*Testimony of James H. Reed in suit to dissolve the United States Steel Corporation, page 5660. The terms of sale set forth in this letter are described above.

suffering a slight cold, and Dr. Garmany dropped in professionally. In the course of the call Mr. Stetson was announced and Carnegie went downstairs. In a few minutes he came back. "Well," he said, "it's all finished. I've sold out."

Dr. Garmany said that he was about to visit Mr. Phipps, who was ill in bed with bronchitis.

"Please tell Harry," Carnegie replied, "that Mr. Stetson has been here and the deal is all completed. It will be made public tomorrow."

After attending Mr. Phipps, Dr. Garmany delivered the message. For a few seconds the invalid said nothing, apparently absorbed in thought. The man who had started as an errand boy in Pittsburgh forty years before was now the possessor of nearly \$60,000,000. He finally turned his head on the pillow, looked in the doctor's eyes and exclaimed:

"Isn't Andy wonderful!"

The following day Carnegie boarded a steamship for the Riviera. Before leaving a call was made on Morgan, a kind of return visit. Carnegie was then in his gayest and most ebullient mood. The small boy had finally been let out of school! For a few minutes the two men chatted and laughed in friendly manner. As Carnegie shook the banker's hand at parting he said:

"Now, Pierpont, I am the happiest man in the world. I have unloaded this burden on your back and I am off to Europe to play."

So far as Carnegie, Mrs. Lucy Carnegie, and George Lauder were concerned, the sale was made on the terms pencilled by Carnegie in his first interview with Schwab. The payment received by them was all in bonds. The original understanding was that the other partners should obtain seven per cent. preferred stock, but to this a bonus of common stock was provided for each share of preferred. About \$92,000,000 capitalization was therefore added to the \$400,000,000 originally stipulated to be paid for the Carnegie Company. Of this common stock Carnegie did not receive a share. This phase of the amalgamation did not interest him. He himself accepted the popular judgment that this additional compensation represented nothing but "water" and did not care to include such an intangible substance among his assets. The spectacle of

\$492,000,000 in bonds and preferred and common stock being paid for the Carnegie Company naturally caused amazement. Nothing like this had ever been known before, yet subsequent history has disclosed that the amount exacted was modest. The basis of the prosperity that has attended the United States Steel Corporation, and the foundation of the existing American economic structure, were the ore fields taken over from the Carnegie Steel Company and John D. Rockefeller. The fact that the Carnegie possessions around Lake Superior were more than double those of Rockefeller will somewhat surprise the present generation, yet inventories made at the time substantiate the statement.* A goodly part of the reserves Carnegie had acquired by lease from his fellow millionaire, but the rates were so advantageous that an ownership in fee would have added little to their value. These domains have turned out to be so enormous that they make the price paid for the Carnegie Company look extremely low. The first year of the United States Steel Corporation this one constituent poured \$50,000,000 in profits into its treasury. It has been the basis of the corporation's success for the last two decades. When, in 1911, Carnegie was asked to estimate the value of the company he had been the chief instrument in building, he replied that, at the moment in question, the Carnegie Company could not be purchased for three times the amount it had been sold for. One man, in 1901, who did not think Andrew Carnegie had been unmerciful in the sum he demanded for his life work, was J. Pierpont Morgan. A year or two after the sale he and Carnegie were crossing the ocean on the same steamer. One day in a deck conversation Carnegie said:

"I made one mistake, Pierpont, when I sold out to you."

"What was that?"

"I should have asked you \$100,000,000 more than I did."

"Well," replied Morgan with a grin, "you would have got it if you had."

The popular belief that the warfare of 1900-1901 left Carnegie and Morgan enemies is untrue. One morning in the November following the transaction Schwab, in conversation with Morgan, excused himself.

*On January 23, 1901, the estimate made was as follows (both ridiculously low): Carnegie (Oliver Iron Co.) 182,000,000 tons; Rockefeller 74,000,000 tons.

"It is Mr. Carnegie's birthday," he said, "and I am going up to congratulate him."

"How old is Andy?" the banker asked.

"Sixty-two"—Schwab was in error by four years.

"Oh, you're wrong," replied Morgan, "for he is older than I and I am sixty-four."

"Since you are younger, why not come up with me? Mr. Carnegie would be delighted to see you."

"I will," Morgan quickly answered, and the two men drove up to Ninety-first Street. Carnegie never had a more charming birthday visit, or one that he enjoyed more. The two men chatted for an hour or two and parted on excellent terms.

5

HENRY PHIPPS described his emotions on receiving Carnegie's letter announcing that the transaction had been definitely closed. "When I received this word I did not feel like cheering or hurrahing. It was so impressive that it did not seem possible to be true, and it took weeks and months to have a full realization of it." That Carnegie too, despite his signs of jubilation, had his solemn moments, even his moments of regret, is clear. Perhaps his feelings are best described in a letter addressed to "The Good People of Pittsburgh," written on the day of his withdrawal, March 12, 1901: "An opportunity to retire from business came to me unsought, which I considered my duty to accept. My resolve was made in youth to retire before old age. From what I have seen around me I cannot doubt the wisdom of this course, although the change is great, even serious, and seldom brings the happiness expected. But this is because so many, having abundance to retire upon, have so little to retire to. The fathers in olden days taught that a man should have time before the end of his career for the 'making of his soul.' I have always thought that old age should be spent, not, as the Scotch say, 'in making mickle mair,' but in making good use of what has been acquired, and I hope my friends in Pittsburgh will approve of my action in retiring while still in full health and vigor and I can reasonably expect many years for usefulness in fields which have other than personal aims."

One day, while the Steel Corporation was in the negotiating stage, Carnegie sent hurriedly for Schwab and informed his startled associate that he had changed his mind, and that the offer to Morgan must be withdrawn. It took much earnest persuasion to cause him to recede from this sudden change in purpose. Probably Carnegie himself, after mature consideration, would not have done anything so radical; the episode is interesting merely as picturing his regret at the separation. There are other incidents disclosing how deeply he felt. For a long time he would not visit the scene of his industrial success, seven or eight years passing before he was induced to set his foot in Pittsburgh. The place held too many memories. Once Carnegie, on a train bound for California, passed through the city, and as the old familiar blast furnaces came into view he turned aside his face; the sight of the kingdom that had once been his and was his no longer was more than he could stand. "The day after Mr. Carnegie sold his business, I am sure he regretted having done so," Charles M. Schwab once said.

Whether Mr. Morgan's statement that the sale made Carnegie "the richest man in the world," was literally true is one of those questions which it is futile to explore. It involves too many considerations and unascertainable facts. Certainly no American had ever ended his career with such a large amount of capital in liquid form. William H. Vanderbilt died in 1885, leaving \$200,000,000, mostly in the form of securities liable to the ups and downs of trade. That was the largest American fortune until the day Carnegie made his great refusal. His fortune, on March 11, 1901, was about \$300,000,000, and the pieces of paper making up this sum were practically the same as cash. Market quotations for United States Steel bonds advanced fifteen and twenty points immediately after issue; they never dropped below par, and have since been redeemed at 115. Carnegie had several reasons for insisting on payment in this shape. It was not all Scottish canniness, as is too generally believed. Only by transforming his steel investments into bonds could there be a complete separation from business. Had Carnegie accepted stock, his share would have been so great—even in a concern capitalized as liberally as the United States Steel Corporation—that he would still have been actively engaged in trade. The Carnegie interest would have amounted to at least twenty-five

per cent., and under these conditions the largest holder could not have escaped responsibility for management. By taking bonds Carnegie ceased to be an owner and became a creditor. His divorce from steel was thus made absolute. An even more compelling reason was that Carnegie had no intention of keeping this money; the plan was to give nearly all of it away. Capital was therefore necessary in a form that could be used for endowing the many public institutions he had in mind. The investment must be secure, and returns placed without the sphere of chance. Any theory that Carnegie's penchant for bonds indicated a grasping nature is thus seen to be absurd. How little he was inclined to gloat over his moneybags one fact discloses. Carnegie never even looked at the golden hoard to which he now fell heir. The mighty pile was delivered to Mr. Robert A. Franks, who had been his financial agent since 1883, and who now deposited the treasure in a specially constructed vault in the Home Trust Company at Hoboken, New Jersey. Mr. Franks thenceforth remained the exclusive custodian—certainly one of the greatest trusts ever confided to a mortal. The proprietor visited the Home Trust building a few times, but never entered the chamber that entombed his earthly possessions. To the day of Carnegie's death his hands never touched and his eyes never rested upon one of the papers celebrated in all parts of the world as "Carnegie bonds."

"The writer of these lines"—the quotation is from an article by Dr. W. J. Holland of Pittsburgh—"recalls the remark made to him by the late Lord Rothschild of London, who said, 'One of the most remarkable phenomena of our time is the fact that your friend, Mr. Andrew Carnegie, should in the brief period of one generation have amassed a fortune exceeding in size that of all the Rothschilds combined, which they have been a century in accumulating.'"

Great as was Carnegie's storehouse, it was small compared with that which he surrendered. What he really abdicated was the supremacy of American steel. "I'll have at least £50,000,000 sterling," he wrote Morley while the sale was pending. "I could as well have had \$500,000,000 in a few years." He did this too with open eyes; for no one more keenly than himself understood the extent of the sacrifice. "Our plans were being made," Carnegie said

afterward, referring to the prospect of 1900, "and if we had not sold out we would have been a considerable concern by this time."* "We had just begun to grow," he added on another occasion. Before the Stanley Committee in 1911, the chairman said to Carnegie: "I am frank to say that I believe you would have captured the trade of the world if you had stayed in business. I am asking if you think so now?" Carnegie: "I am as certain of it as I can be certain of anything."† It was a judgment that his greatest rivals echoed. "It is not at all certain," said Elbert H. Gary, "that if the old management or the management that was in force at one time had continued, the Carnegie Company would not have driven entirely out of business every steel company in the United States."‡ "Mr. Carnegie," remarked W. C. Temple, secretary of the Steel Plate Association, "with his then plant, and his organization and his natural resources, was in a position where he could dominate the entire situation, and had the United States Steel Corporation not been formed at about the time it was, some ten years ago, the steel business not only of America but of the world today would be dominated by Andrew Carnegie."§ The fortune resulting from such a suzerainty would have made the possessions of even the richest Americans look small. When Carnegie, therefore, on March 13, 1901, gaily shifted the burden to "Pierpont's" ample shoulders, thus dividing it among thousands of shareholders, the world was witnessing an act of self-abnegation on an heroic scale, and all in fulfillment of a purpose and an ideal which Carnegie had set before his eyes as a young man of thirty-three.

*Stanley Committee, page 2379.

†*Ibid.*, page 2518.

‡*Ibid.*, page 220.

§*Ibid.*, page 1725.

Chapter VI

THE LAIRD OF SKIBO

1898-1914

THE marriage of Cluny Macpherson, in 1897, had made it necessary for the Carnegies to find a new summer home. The birth of their only child, a daughter, was a more important reason for the change. How closely Mr. and Mrs. Carnegie and the Clan Macpherson had drawn together in ten years of intimate association was shown on this occasion. The event took place in New York, March 30, 1897, but the news had a traditional reception in Badenoch. "There were nine bonfires," Carnegie wrote, "upon as many Cluny hills, to celebrate the advent of little Saint Margaret, and such rejoicing! Such evidences of attachment tell!" The baby was named after Carnegie's mother, and a fixed abode in the heather was regarded as her birthright. In the autumn the search began for a property that would fulfill the family's requirements.

The Duke of Sutherland, the owner of the larger part of the county, had several places for sale. All these were toured and inspected, with disappointing results. Mr. Hew Morrison then suggested Skibo, an estate which, though one of the most famous and beautiful in northern Scotland, had suffered vicissitudes in recent times and was at the moment in a condition of neglect. Carnegie had insisted on certain essentials in his intended domain: it must have plenty of land, trout and salmon fishing, woods and hills, lochs and streams, a location bordering on the sea, and, even more important, a beautiful waterfall. On Mr. Morrison's assurance that Skibo met most of these demands, a wagonette was taken at Bonar Bridge, and the two men started on a jogging eight mile drive. Carnegie's face brightened as they entered the quiet road.

No better introduction to his future abiding place could have been provided. Always at the right lay the Kyle of Sutherland, a shining stretch of water that sometimes came close to the carriage, meeting a precipitous bank, then retreated to a distance, the land forming the greenest of meadows, with grazing sheep and cattle, occasionally dotted by a farmhouse or ruined mill. The age-long road, mottled by the shade of overhanging trees, lined with low moss and lichen-covered stone walls, skirted on the left a rising hill darkly overgrown with bracken, in places wooded with oak, birch and larch, while now and then were open stretches, giving every opportunity to the lively heather. The silence, the softness of the air, the mingling of land and sea, were in keeping with the varied and genial quality of the whole estate. The bordering country, reaching from the Kyle far northward into the hills, formed part of Skibo—a small portion of the 32,000 acres that eventually comprised the Carnegie proprietorship. For with its future lord it was a case of love at first sight. When the carriage turned into the “policies,” and the gleaming expanse of Dornoch Firth and the North Sea finally came into view, Carnegie exclaimed, “There’s just the place for my yacht!” The shabby condition of the castle, the disrepair into which cottages and land had fallen, proved no discouragement, and in a brief period the manor of the ancient Roman Catholic Bishops of Caithness had passed into Carnegie’s hands. By the time the struggle with steel had ended, the house was practically complete.

Everything touched a new chord. Cluny is deep set in the fastnesses of the Grampian Hills: Skibo is quiet, reposeful, more civilized. In climate the region is a miracle of nature. Though north as far as Skagway, Alaska, the atmosphere is so soft that rhododendrons have been known to bloom in January. The surroundings are similarly mild. The nearby land is level, well-kept and parklike, with lawns and massive plane trees, and driveways disappearing in somber shrubbery. To the south lie bright meadows, with clumps of trees, melting far away into the low rolling hills of Rosshire, “all green,” Carnegie described them, “and afterward all purple.” Between the growth are varying glimpses of Dornoch Firth, a blaze of silver beneath the hills of Sutherland—hills that now stand out boldly and at other times rise through mist or clouds.

The view changes rapidly according to position, a slight shift bringing to sight new mountains, new touches of sea, new hillocks densely wooded with birches, oaks and pines. Though the immediate prospect is well cropped and mild, yet, as finally brought together, the estate is not lacking in primitive qualities. It is enclosed by two celebrated rivers—on the west the Shin, and on the east the Evelix, a Gaelic name signifying “live coals,” the Celts having transferred the imagery of fire to its coruscating surface. These two rivers, twenty miles apart, indicate the size of Carnegie’s country home, and in such a spacious territory all the requirements of perfect living are necessarily found. Carnegie, looking about and drinking in the grateful atmosphere, never wearied of repeating the lines of his favorite poet:

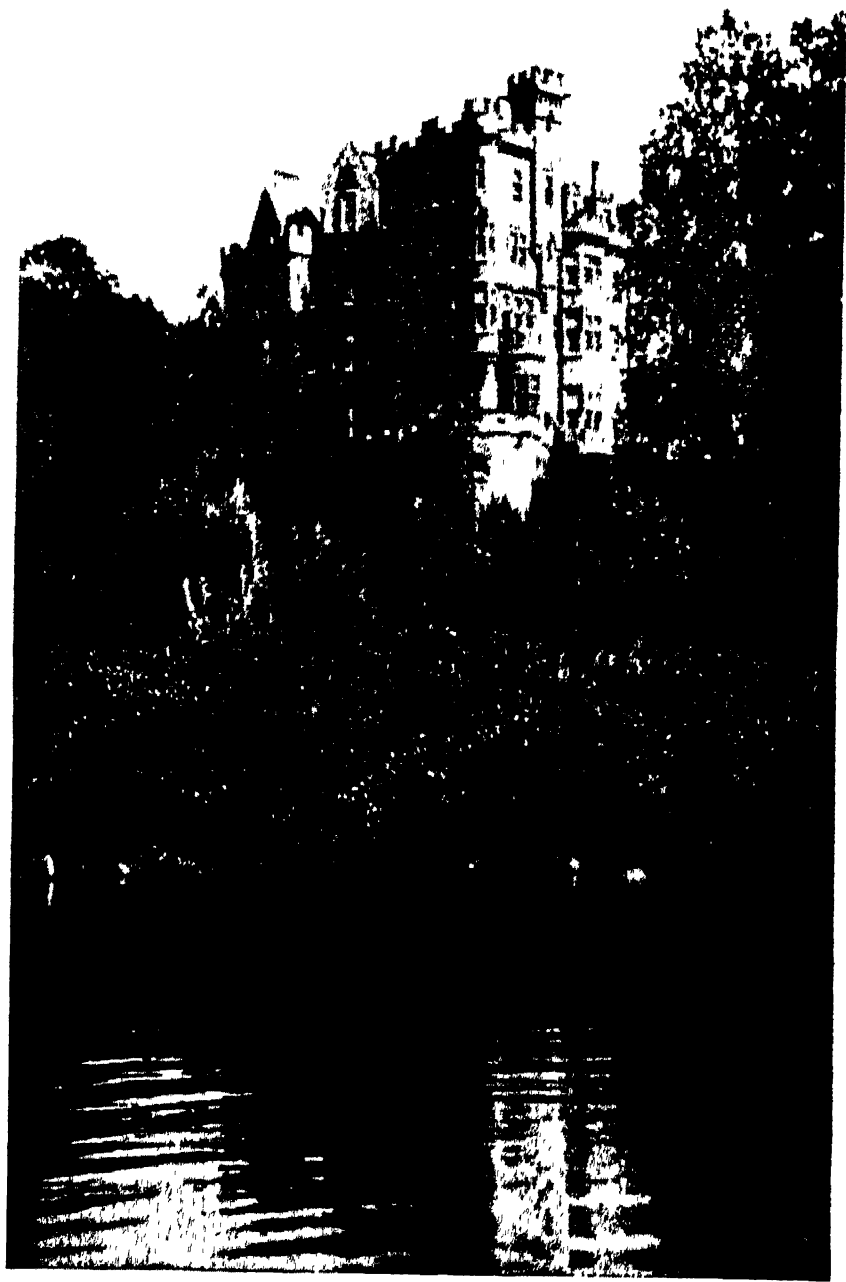
*This castle hath a pleasant seat; the air
Nimble and sweetly recommends itself
Unto our gentle senses.*

There are no evidences today of the manorial houses which, in seven hundred years, preceded the one built by Carnegie. A skilled archeological eye finds traces of the medieval moat; the “Monks’ Walk” alongside the garden recalls the Catholic era; yew trees, six or seven centuries old, are yet in exuberant foliage; a beechen hedge, dark and luxuriant, similarly derives from the ghostly fathers; and St. Mary’s Well bubbles as cheerfully now as ages ago. The stone “Coffin of Sigurd”—an early Norse invader—reposes under the shade of a large plane tree. Of the old time castle, however, nothing remains. The present baronial structure has certain ancient characters—castellated towers, bartizans, terraces and the rest—yet it is a castle with American trimmings. Carnegie loved romance, and he liked his modern comforts too. The pinkish white stone came from the nearby Evelix quarry, but there is also plenty of hidden steel, rolled in Pittsburgh. Tradition claims its own in lochs, golf courses and grouse moors, but modernity is represented by a swimming pool with sliding roof, the water, drawn from the North Sea, heated to an agreeable temperature. Dynamos installed by the Westinghouse Company furnish power for electric light, elevators and other appurtenances of the ma-

chine age. Perhaps the flag streaming on the loftiest turret best symbolizes this combination of old and new. Observed from a certain angle, this is unmistakably the British ensign—a suitable emblem for a Highland estate; from another point the Stars and Stripes appear in all their glory. The matter puzzles guests on their initial visit and leads to heated argument, yet the mystery is quickly explained. When settling at Cluny ten years before, Carnegie was confronted with a perplexing problem: what flag, the British or the American, should fly at the masthead? The solution came in a moment of happy inspiration. "Sew the two flags together!" he exclaimed. The consolidated device emblazoned not only the British origin and American citizenship of the proprietor, but also constantly suggested that sympathetic union of the two peoples which he regarded as indispensable. Additional symbolism was found in the fact that on quiet days, when there was no wind, the flag lay limp, its double nationalism not in evidence, but when the breeze became active, it stood out, almost defiantly proclaiming two allegiances. "It is when stormy weather comes," Carnegie would say more prophetically than he knew, "that the British and American nations will join hands."

2

SUCH was Carnegie's background for that "making of his soul" which, in his letter to Pittsburgh, he proclaimed as the occupation of his declining years. One day, while walking on the terrace with a friend, he spied his three year old daughter playing nearby and remarked, "If it were not for that little girl this castle would never have been built." The observation epitomized the most important service this great country estate performed. Comprehensive as were the master's friendships, his first interest went out to those who were nearest in everyday life. The Laird, his wife and child, his wife's sister and brother, Miss Stella and Mr. Harry Whitfield, who had practically been foster children since Carnegie's marriage and over whom he watched with an affectionate protection that brings out the most lovable side of his character, made up the inner domestic group. The relationship with servants was friendly and personal, and the tenacity with which



SKIBO CASTLE, ON DORNOCH FIRTH, SCOTLAND

they remained added to the homelike quality of the household. Many had joined the staff when young; the most important had spent ten years at Cluny, and automatically migrated to the northern site, packing cheerfully in October and moving to New York for the winter season. Outside the family unit were two or three hundred tenants, the crofters and cottars to whom the advent of Mr. and Mrs. Carnegie brought new life and prosperity. The daily existence led by this large and congenial establishment was something apart from the more spectacular phases on which newspapers liked to dwell. The talkative and sometimes obstreperous Carnegie—forward, even irritating, bubbling with fun and anecdote, has passed into legend; the more subdued spirit, finding delight in the everyday familiar person and scene, is less known. From childhood the domestic affections were the strongest impulse in Carnegie's nature; one recalls his devotion to his mother, his brother Tom, and the relatives and companions of less prosperous days. Inevitably, therefore, the inner contingent at Skibo were the first consideration. There were certain times when no outsiders, not even the closest friends, were permitted to intrude. An ancient landmark was a grey stone cottage, Achinduich, placed on a hill overlooking the valley of the Shin, unpretentious and modestly furnished, twenty miles from the castle. Here the family was fond of betaking itself, living in simple, almost primitive fashion, far from guests, secretaries and superfluous retainers, breathing in the air of the lofty moors, walking the mountain trails, enjoying beautiful vistas of water, land and sky. Nearly a month of every summer was spent in this secluded spot and, afterward, in Altnagar, a larger house constructed for the same purpose. Here the clamorous demands of two continents never reached Carnegie; only the newspapers, which were read in vast quantities, kept him in touch with civilization. The one worldly occupation was scribbling. A stubby lead pencil and a pad on knee were constant companions, and from the "retreat on the high moors," as this sanctuary was called, magazine articles, books—for it was in this spot that Carnegie worked on his *Autobiography*—and letters to the editor poured in an unremitting stream.

Even while in residence at the castle, there was similarly an ever present regard for the domestic side. Gatherings of the "house-

hold" were frequent. Carnegie never affected the manner of a Scottish "Laird" in the old fashioned sense. He enjoyed the title but made little effort to live up to it. Journalists and artists liked to picture him in kilt and tartan; Carnegie delightedly collected these caricatures and sometimes framed them, one that gave unusual pleasure being Bernard Partridge's full page sketch in *Punch*, exhibiting the Laird, clothed in complete regalia, the tartan cleverly taking shape as stars and stripes. Yet the sober truth is that such romantic garments were avoided. In all his years at Skibo he appeared once only in Highland garb—borrowed for the occasion. His informal dress was always the same, whether for golfing, fishing or yachting—a light grey Norfolk jacket and knickerbockers, or "plus fours," with corresponding peaked cap. This outward presentment indicated how little the American millionaire aped the habits and manners of a feudal lord. His disinclination to do so was severely criticized on occasion: he did not show that personal attention of the tenants, it was urged, demanded by his position. Carnegie laughed at these strictures. He was nearly sixty-five when his "lairdship" began, too old to cultivate the traditional routine, and to attempt it would be merely masquerade. The fact is that the landlord who keeps in personal touch with his tenants, calls them and their children by name, and is the counsellor in all their intimate affairs, is a type little seen today even in Scotland, and Carnegie made no pretense of belonging to a vanishing race. But that the tenantry were treated with generosity goes without saying. The magic change that followed the new incumbents—the road constructions, repairs on old houses, erections of castle, houses and other buildings, the great sums of money poured into the region for miscellaneous improvements—brought a new spiritual and economic era.

The tenants on the "policies"—the immediate castle grounds—had closer touch. On arrival, Carnegie, his wife and daughter visited each cottage, and on departure paid a good-bye call—leaving a gold sovereign in each child's hand; similarly, the first Sunday and the last Carnegie invariably appeared at church. Whatever may have been his beliefs, the nicest consideration was shown for the customs of the region. Perhaps it was deeper than this; the master was a Scot, with a Scottish bringing up, and held in regard

the ingrained Scottish feeling for the "Lord's Day." So it happened that this disciple of Herbert Spencer was a strict Sabbatarian. At least the Scottish Sunday observed at Skibo satisfied the most rigid Presbyterian requirements. No games and no labor, except necessary labor, were permitted, and vehicles were brought forth only to take guests and the household to church. In the evening the entire Skibo contingent gathered in the hall for hymns, the servants at one end, the family and guests at the other, while Carnegie usually took his position between, giving out selections and joining in the song with a fervor that testified to his enjoyment. He had an excellent taste in hymns and, like the cottar in Burns's poem, "waled a portion with judicious care." He was inclined to introduce each favorite with a little speech pointing out its beauties and meaning, suggesting that certain verses, which fell below the standard, be omitted. No hymn that invoked the less pleasing imagery of the Old Testament was ever pressed into service; the lurid symphonies of the modern revivalist obtained no recognition; but the classics that had stood the test of time were rendered again and again.

On certain occasions the circle was enlarged so as to include the entire estate. The "fêtes" of Cluny were resumed at Skibo. These affairs, first instituted as Fourth of July celebrations, were held as closely as possible to that day. The five schools on the estate, each in charge of its teacher, came with parents and friends, the aggregation ranging from 1,000 to 1,500. Assembling at the lodge, the procession, accompanied by brass and pipe bands, marched up the driveway to the castle, where the arrivals were received by the family, the Laird extending greetings in a little speech. Then the parade began again, the band at the head, followed by Mr. and Mrs. Carnegie, their daughter Margaret, Miss Whitfield, and any guests who happened to be on hand, and, to the skirling of pipes, the whole party descended the terrace steps, forming a great circle on the bright green paddock. In the ensuing proceedings Carnegie was the most active participant. Pistol in hand, he acted as starter in the foot races, himself running a short distance, then dropping out—as encouragement to the smaller contenders. The scene, with the white frocks of the girls, the gleaming canvas of the adjoining tent, the castle on the upland, with the waving Stars and Stripes

and Union Jack, was a brilliant one. The final scene took place in the tent, where refreshments were served; at the end Mrs. Carnegie or Miss Margaret distributed the prizes—not cups or gew-gaws, but substantial cash—Carnegie made a farewell speech and the party dispersed.

3

THE changing moods of Skibo found ready response in the master's soul, for the place was about as various as Carnegie himself, and, in its constant appeal to a multitude of interests, formed an ideal reflection of the proprietor. Carnegie had three regular pastimes: practically every day he went swimming, golfed and fished. For certain other out of door recreations, such as shooting and stalking, he cared nothing. Landing a gamy trout or salmon did not offend his sensibilities, but slaughtering the birds of the air and the beasts of the forests was never looked upon as time well spent. A mob of horsemen and a pack of frenzied hounds pursuing a fox to its lair stirred his execration. Amusements of this kind Skibo could provide for such as desired them, but Carnegie never joined the parties. The quieter humors, perhaps, appealed most enticingly to this graduate of the steel mills. They awoke his deepest element—the Gaelic strain. "I am off to the moors, all alone," he writes Morley. "Mist on the hills. But I'm a Celt, not a prosaic Englishman like—well, like a very good fellow I know." Another paragraph sums up the significance of the place: "I am so busy working at fun! Fishing, yachting, golfing. Skibo never so delightful; all so quiet! A home at last." "If heaven is more beautiful than this," he wrote the Duchess of Sutherland, "someone has made a mistake."

Each day at eight Carnegie was awakened by his piper, a morning harbinger who started his notes at a distance, gradually approaching the castle, which he circled, pausing and skirling beneath the windows of the guests. All went to breakfast to the tones of the organ, which discoursed also throughout the meal. "My morning devotions," Carnegie called this music. From his boyhood no instrument entranced him like the organ. He was much impressed, when a young man, by hearing an organ in a country house, and registered another of his early vows: If ever he became rich



Andrew Carnegie
from Life July 16, 1911 by Orlando Rouland



Andrew Carnegie
from Life July 16, 1911 by Orlando Rouland

July 16, 1911

LIFE STUDIES OF ANDREW CARNEGIE AND HIS HANDS

Made by Orlando Rouland, 1911.

enough to have a fine establishment of his own, an organ should be installed! These musical ceremonies put him in humor for the pleasures of the hour. His walks satisfied his more sequestered moments, and the estate afforded opportunities of this sort in variety. The Sunset Walk was an especial favorite. It edged along from Skibo to Ospisdale and, after ascending a little hill, reached the plot containing the so-called ambassadorial trees, memorials planted by distinguished guests and friends. Many reached a good size, and not one of the large collection failed to thrive. From this point the Sunset Walk led along the hill, on one side all greenery, on the other a descending prospect ending in the Firth. On the right could be seen Loch Ospisdale and on the left Loch Evelix, the artificial lakes created to lure the salmon from the sea, special ladders having been built to facilitate their progress—an experiment that was at first regarded as hardly likely to succeed, but which ultimately justified the labors spent upon it.

No prospect delighted him so intensely as a waterfall. Old time visitors to Skibo still remember the little poem, "The Burnie"—"it drappit from a gray rock upon a mossy stane"—which their host was fond of reciting—a ballad that expressed an abiding phase of his temperament—his fondness for tinkling water. "I am building a new loch," he wrote, "to give us a reserve for the castle waterfall, which is a grand success—and I'm so happy. Dabbling in water seems a necessity." This tiny cascade, his "Burnie" come to life, trickled down the slope that faced Carnegie's office on the first floor and his bedchamber on the second, the rooms purposely arranged so that the music could perpetually sound in his ears. The part of the estate in which greatest pride was taken, characteristically enough, was that bordering the River Shin. This comprised a narrow strip of land detached from the rest of the domain, about twenty miles from the castle. It had not formed part of the original purchase, being jealously retained by its owner, the Duke of Sutherland, but Carnegie had cast longing eyes on it from the first. The original Skibo property, manifold as were its blessings, presented one disappointment. That feature of a country estate which Carnegie considered most important, was lacking. "Where's my waterfall?" he exclaimed; brooks and lochs were plentiful enough, but the attraction on which such emphasis had

been laid was not apparent. For five miles the Shin descends, in a series of cataracts and cascades, from the uplying lochs into the Kyle; one roaring torrent, in particular, with its jumping salmon, presented a foamy scene dear to artist and sportsman. Several approaches to His Grace met with smiling refusals; the Falls of the Shin had been one of the proudest family possessions for generations! One joyous day, however, the Duke came to Skibo and surrendered. To be a laird was one thing: but to be Laird of the Shin added a distinction that only the Scottish sportsman can understand. Carnegie's sense of ownership in land was not strong, but he did take pride in this sparkling river, loved to wander along its banks, and to ascend the hills and survey the most charming reaches. It was the scenic phases that made the chief appeal. Carnegie was a skillful trout fisherman, but the more arduous casting for salmon, wading the raging stream and picking his slippery way from rock to rock, was not so much to his liking; occasionally he would fish the Shin from the water's edge, but for the most part the river represented for him a thing of beauty and romance—and much history had taken place in the region; nearby in particular was the spot where Montrose had made his last hopeless stand against the Covenanters. The braes that overhung both margins furnished rambles in plenty. From Altnagar stone steps led precipitously to a lodge, before which trickled a contributory mountain burn. Here on a rustic bench built for the purpose, Carnegie, with his favorite collie, Laddie, would sit for hours amid the silver birches and bracken; quite a different figure from the restless manipulator of steel! Another path extended to a mossy cliff on the hillside, from which, directly ahead, the tawny falls presented a brilliant view, and here despite the distance Carnegie's sharp eye could glimpse the leaping salmon.

4

IT MUST not be forgotten that Carnegie was a Celt, and that all the Celtic traits—elfin, lively, imaginative, brooding, even at times melancholic—made up his complex nature. Mr. Elihu Root has said that the steel master reminded him of Alan Breck. There certainly were characteristics in common. Like Stevenson's hero, Car-

negie was small in figure and correct in dress, and spry and jaunty in his walk; though perhaps not a "bonny fighter" with old Highland weapons, his hand-to-hand contests in business recall Alan's behavior in the Roundhouse. Like Alan, Carnegie wore his emotions on his sleeve—he wept as readily as he laughed, and Alan's engaging boasting, his pride in his achievements, his ecstasies of enthusiasm, his love of mischief—all these appeared in Carnegie. Above all, there was that zest for physical existence. T. P. O'Connor, on a visit to Skibo, told Carnegie that he envied him his wealth. "I am not really to be envied," he replied. "I would give you all my millions if you would give me your youth." "Then," Mr. O'Connor added, "I shall never forget his next remark. We had driven some yards in silence when Mr. Carnegie suddenly turned and, in hushed voice and with bitterness and depth of feeling quite indescribable, said, 'If I could make Faust's bargain I would gladly sell anything to have half my life over again.' And I saw his hands clench as he spoke." "Tay Pay" was not the only one to whom Carnegie used the same expression. Sir Swire Smith tells the same story. The Laird's friendship was the rollicking Yorkshireman brings out this side of his character. Sir Swire and Carnegie met for the first time on an Atlantic steamer, in 1888; inside of two hours, Sir Swire records, he and his new associate were singing "Willie brewed a peck o' Maut."* And, the biographer adds, they were both teetotalers! For the next thirty years, indeed, song, Sir Swire and Carnegie were frequent companions. "I have hardly heard the sound of my voice," the Englishman writes in July, 1896, "since I was last at Cluny, but your letter brings back the memory of the Highland songs we used to sing and which I hope we shall all shout again in the woods as joyously as ever. But I must cease, or my talk may suggest that I've just a drappie in my e'e." Sir Swire's wish was fulfilled, for Skibo and the neighborhood frequently echoed the mingled strains of the two. He became Carnegie's occasional partner in the more subdued rambles in wood and field, and also a favorite crony in antic moments. One evening the Skibo swimming pool had been boarded over for a party. At the critical moment pipers were heard advanc-

**The Master Spinner—a Biography of Sir Swire Smith*, by Keighley Snowden, page 193.

ing and, as the procession came into view, the sturdy figure of the host was observed marching behind—adorned in complete Highland garb, tartan, sporran, bare legs, feather bonnet and all—the one occasion, already mentioned, in which he donned the ancestral habit. As Carnegie mounted a raised platform the pipes struck up the Highland fling, and the Laird went through the paces with a nimbleness possible only to the veracious Gael. As a graceful performer, not only of folk dances but of the quieter measures of the drawing room, Carnegie had been distinguished from youth. In tea parties by the seashore and luncheons in the heather these same qualities were a delight. The voyagings in the yacht, the *Seabreeze*, were similarly occasions for buoyancy as well as for more serious manifestations.

This human touch was everything. Few men have been so sensitive to the nature of those they met. From some Carnegie instinctively recoiled; to others he drew with the simplicity of a child. "I can't knock up against a cake of ice without being chilled," he once said. It was not only men and women who felt this quality. The following anecdote is furnished by the Most Reverend Randal Davidson, Archbishop of Canterbury: "I have always been a student of birds and their ways. I mentioned to Mr. Carnegie that I had that morning watched one of the autumnal gatherings of golden crested wrens, who were about to flit, and who before flitting are accustomed to gather excitedly, and are strangely tame at such a time. He was interested and asked me to take him to the place. We went together, and I felt the usual trepidation one has lest an animal whose actions one has foretold should decline to 'play up' when the time comes. We were standing on a little rustic bridge over a burn at the edge of a wood not far from the house. The wrens were all about us, in the trees and even on the ground. I urged Mr. Carnegie to remain absolutely still; this he did, and to my wonder and delight one of the wrens hopped up the rough fir branch which formed the railing of the bridge and on which his hand was laid. It went on, hopped up his arm and sat on his shoulder. I have never seen such a thing before or since, and I was profoundly grateful to the wren for thus endorsing the rather rash prophecy I had made as to its behavior. Since then I have tried more than once to stand near a gathering of wrens at such a time,

but the bird I have described was, so far as my experience goes, a unique personality.”*

Sir George Adam Smith, principal of Aberdeen University, gives an insight into the kind of talk that enlivened Carnegie's parties. As to the picnics on the moors: “After lunch, as we lay upon the heather, someone started the question, which was the favorite book of all of us, which ultimately became: If each of us were condemned to live on a desert island and allowed to take with him only one author, what author would he choose? (It was understood that the Bible was not to be discussed.) Someone said ‘Shakespeare.’ ‘Well,’ exclaimed Morley, ‘I don’t agree with you. You would be disappointed, for two-thirds of Shakespeare is mere padding.’ Carnegie said, ‘But the rest is worth a lifetime’s study by itself.’ Dr. Whyte said, ‘I would choose Dante.’ Either Carnegie or Morley replied, ‘Fancy Dante for a desert island! How gloomy!’ ‘And you, Mr. Carnegie,’ said someone, ‘what would you take?’ ‘Herbert Spencer,’ said Mr. Carnegie at once. ‘Worse and worse,’ cried Morley, lifting his hands. Someone else, probably the Dean, said he would choose a recent translation of the Church Fathers, and this amused the party, being a multiple work, and for the most part not less dry than Herbert Spencer. I have forgotten the other suggestions, but the rest of the conversation continued on literature in general, and I remember with what vivid interest I listened to the remarks of the older men on Shakespeare, Milton, Wordsworth, Burns and Emerson, who were the chief subjects of the discussion. It was then I got to know of Mr. Carnegie’s wonderful mastery of Shakespeare and his power of quoting from him.” “On another occasion, on his yacht, when Sir John Ross and I were with Mr. Carnegie, he said (apropos of what I do not remember): ‘We need an expurgated edition of the New Testament as well as of the Old.’ Ross asked what offended him in the New Testament. He replied: ‘The words attributed to Jesus, “If a man forsake not his father and mother and come after me, he cannot be my disciple.” I do not think Jesus could have said that.’ We felt that it was his affection and reverence for his own mother that prompted him. After a little Sir John said that in the interests of truth it might be the duty of a son to leave his parents and his home. But

*Personal communication.

Carnegie would not admit this. But he had to give in later, and did so without any strong pressure from us. We were sailing into Cromarty Firth and this reminded us all of Hugh Miller, of whom we talked. Mr. Carnegie said how unjust was the outbreak of the orthodox against his work on *The Testimony of the Rocks*, and added, 'There was an old Highland elder who found his son or sons reading the book and forbade them. But they were taken by its teaching and refused to give it up. So he said, "You must choose then between it and me." And they chose it and left home.' Ross gently hinted that such a case proved what we had been arguing and he admitted this."

All Carnegie's friends emphasize his acquaintance with Shakespeare. Dr. W. J. Holland, of Pittsburgh, recalls one afternoon spent on a loch. Something reminded Carnegie of *The Tempest* and he recited scene after scene, verbatim. He could repeat this play, avers Dr. Holland, as well as *Hamlet*, from beginning to end. Sir Henry Irving used to comment on this knowledge. "He knows his Shakespeare backward," he would say.

5

SIR HENRY also insisted that Carnegie had missed his calling; heaven had intended him for an actor. What Irving probably had in mind was the quality of alternating from mood to mood and from interest to interest—an infectious accommodation to the atmosphere of the moment. These protean phases gave unfailing variety to Carnegie's talk. He had little that suggested Dr. Johnson—certainly not on the physical side—yet in their passion for conversation the two men were at one. Like his bulky predecessor Carnegie appeared most brilliantly at the dinner table and, as in the former case, such conversations were prone to develop into monologue. In his own domain the host was more than Macgregor at the board; he was supreme pontiff. But the word egoist, so frequently applied to Carnegie, must be qualified. The term usually implies self-absorption to a pathological degree, a description hardly appropriate to a man who ultimately gave away \$325,000,000 for human betterment. Carnegie's vanity was quite a different thing. It was a trait he possessed in abundance,

on which his best friends used to rally him. Morley would now and then give a genial dig. "I ought to have written to you long ago, to thank you for your kind letter, all about duchesses and earls!" Again, "What a blessing for you if you had all my wonderful virtues—not forgetting Modesty! There, what do you say to that?" Carnegie liked to poke fun at himself for this same failing. On appearance as a witness, the examiner, thinking to crush him, remarked: "You have always, Mr. Carnegie, had the reputation of being an exceedingly modest man." In the roars that ensued the victim heartily joined. "You got your work in there," he retorted. "That is the cruelest cut of all, but I like it." On another occasion Carnegie, Mrs. Carnegie and Mr. and Mrs. Schwab were reminiscing. Carnegie, in one of his most glowing moods, was talking extravagantly of old time triumphs in steel, and Schwab was similarly exalted. At a particularly exciting climax Mrs. Schwab winked to Mrs. Carnegie. Unfortunately Carnegie saw the disillusioning gesture and the narrative abruptly ceased. He turned to Schwab, tapped him on the knee and said, "Well, Charlie, we understand each other anyway, don't we?" Vanity, in Carnegie's case, as in that of so many other men, was superabundant vitality, mental and physical. His mind was constantly seething with ideas, and that the torrent should flow, sweeping all obstacles before it, was inherent in his nature. On occasions when the spirit was moving most valiantly, Carnegie seemed to become oblivious of his surroundings. His eyes at such times were his outstanding feature, and perhaps Irving had in mind those eyes when he mourned Carnegie as a loss to the stage. Others compared them to Gladstone's, famous for their eagle gaze. Significantly one of Shakespeare's lines that Carnegie admired was "in every cabin, I flam'd amazement";* and there was perhaps something unconsciously personal in his partiality. "He had a more extraordinary gamut of expression than any man I ever saw," writes an artist. "He would look so 'sweet' that one would do anything for him; he could also look so fierce that I could easily imagine anyone fearing him." The "millionaire look" someone called this more formidable glance; "the Carnegie of the steel mills" was a description that satisfied others.

**The Tempest*, Act I, Scene II.

Yet there was no unkindness in Carnegie's make-up. That he was quick tempered is true, but the anger of one moment gave place to the good nature of the next. He would refuse appeals for bounty, sometimes with a curtness that left at least a temporary sting, and the next day would send a larger check than had been requested. His friends would be lectured with an abruptness and an apparent disregard for their susceptibilities that startled those unaccustomed to his ways. The aristocracy would be denounced in the face of a duke or an earl, and the presence of a bishop did not forestall a frank expression of opinion on theological points of difference. Members of Parliament would hear from his lips harsh criticism of the parliamentary system, and professors of Greek were entertained with dissertations on the absurdity of classical scholarship. There are anecdotes in plenty recording these phases of Carnegie's behavior, yet one fact stands out conspicuously: such manifestations never led to estrangements. The victims might feel a momentary disquietude, but it was only momentary. One day the Earl of Southesk, having listened for a considerable time to Carnegie's views on the British upper classes, departed in anger, vowing that he would never enter his doors again; in a week or so, however, he was back, as amiable as ever. Morley and Carnegie would have their spats, like quarreling schoolboys. The spectacle of the mild mannered thinker emerging from a discussion, face red and hands flapping his coat tails, was not unknown; yet one glancing at the terrace a quarter of an hour afterward would have seen the two men, sitting side by side, chatting and laughing, the excitement of the earlier meeting having vanished. Morley used to remark that these experiences did him good.

There was an impish strain in the Laird. He liked to tease. Sir Swire Smith had an experience which illustrates this characteristic. One afternoon in 1899 Carnegie and Sir Swire played golf, Carnegie winning. He straightway challenged his guest for the next day, saying, "I will give you a stroke a hole." In the evening Sir Swire told of his Keighley Institute, and enraptured his host by detailing the success of several poor boys who had received their training there. Many questions followed, about the town, its resources, its population and the like. "Have you a library there?"

"No." "Would \$50,000 build you one?" Yes, indeed it would. "Well," answered Carnegie, "I will build you one." This was the first offer of the kind that had been made to an English city. "That night I hardly slept," relates Sir Swire. "I was simply overjoyed. On the following morning I wondered if Mr. Carnegie would confirm his promise, but he never said a word. In due time, as arranged, we started for the golf links. Then he turned to me and said with great seriousness, 'I have repented of the offer I made you yesterday.' My heart sank within me, but before I could ask for an explanation, he explained, 'I don't think, after all, I can give you a stroke a hole.' " Experiences of this kind were not unusual. If a proposal appealed a visit was likely to be suggested for discussion. Frequently the advocate would be kept at Skibo for several days, receiving glorious entertainment, but always being edged away from any approach to the point. Carnegie loved to angle with such enthusiasts, just as he loved to angle with trout, and then to spring the matter in some dramatic fashion, taking the visitor off his feet. For some time he had been discussing with Andrew D. White the building of a Peace Temple at The Hague. The distinguished educator was asked to spend a week at Skibo so that the scheme could be canvassed. Delighted, Dr. White appeared at the appointed time, and several days were spent golfing, fishing, walking on the moors, and debating every conceivable topic. However, no reference to the matter at issue was made—Dr. White, as a guest, feeling some delicacy about pushing the idea to the front. The last day Carnegie suggested a fishing excursion. "I accepted," said Dr. White, telling the incident, "although I have no interest whatever in fishing. So, early in the following morning a small wagon took us some miles distant to a lake. When we reached there a rowboat awaited us with a man to take charge of it; but I found the arrangement was for me to sit at one end of the boat and Mr. Carnegie at the other, and not a word was to be spoken by either. 'I never talk while I fish,' Mr. Carnegie told me. All day long I sat in this fashion—never catching one fish, by the way—and towards night we returned home. When I came into my wife's room she said confidently, 'Well, is it all settled?' Then, that very evening—the last of our stay—as the men, after smoking, entered the drawing room to join the ladies, Mr. Carnegie, with

whom I happened to be walking at the time, somewhat ahead of the others, suddenly turned to me and said: 'Now, as to that Peace Palace which you have been writing me about—I'll build it.' '* And he did.

Now and then Carnegie went for brief visits to country houses, and public functions, mainly involving benefactions in which he had a personal interest, often called him away. The most important were the "Freedoms" that showered from every hand. In addition to his libraries in the United States, Carnegie now began lavishly bestowing these gifts in England and Scotland, and almost every royal borough accepting a gift made him a free citizen. The joy in ceremonial which has largely disappeared in America still burns with an active glow in the British Isles. The mayor and city fathers in their robes and chains, the presentation of keys, the quaint proceeding of signing the burgess roll, the parades solemnly advancing through densely packed and cheering thoroughfares, the luncheons and dinners full of oratory and compliments—Carnegie revelled in these pageants with the unabashed gaiety of a child. Probably no person not of royal blood ever received so many "Freedoms." "I have fifty-two," Carnegie once wrote in a private letter, "and Gladstone had only seventeen!" One he valued above all others—and this was not bestowed upon himself; his heart melted when Dunfermline awarded this, its greatest distinction, to Mrs. Carnegie.

Such honors flowed so thickly that he was obliged to take them in groups; a departure from Skibo to receive four, five, six or more civic honors was not unusual. At such gatherings he was always the chief speaker, and he spoke extremely well, having a natural gift for the platform which sprang not only from a ready utterance, a mind well stocked with facts, ideas and allusions, but from an unquenchable interest in great causes. Newspaper records show how responsively his hearers absorbed the exaltation of the moment. A few extracts from letters written in these progresses show the delight they gave, and disclose that innate boyishness and love of mingling with human beings which advancing years did not even slightly dull. "Have had Freedom at Glasgow. Immense

*The story is told in Dr. White's words by Mrs. William Gorham Rice, in the *Carnegie Alumnus* for June, 1931, page 6.

success. Must send you my speech, which Mr. Morley praises as of a high order." To Morley, September 26, 1901: "I thought you would like the close of my Glasgow speech, but you should have heard the vast audience cheer the sentiment, Civilized Warfare! . . . I never spoke with more abandon. It was great." To Lauder, July 1, 1902: "Have eight functions on hand and go to St. Andrews sixteenth. Lord Rector* makes his first appearance at meeting of Governors seventeenth." To Morley, October 1, 1902: "Paderewski has this minute left us. We start Tuesday next on stump—Perth Freedom, Falkirk, Greenock, Stirling Freedoms—and opening libraries; two speeches each. Then Hawarden† and Liverpool; back Thursday night, no Friday—then to St. Andrews, then Dundee. Well, I get through it somehow." To Morley, October 18, 1902: "Home again. Great excursion, big crowds, all passed off well. At Hawarden I really broke down . . . Superb weather up here, finest sunsets. It is Paradise." To Lauder, November 7, 1902: "We have had three busy weeks but not one grain of disappointment, not one. It has been great. One city excelling another, and all went on splendidly. I was not fatigued, strange to say. Of course St. Andrews was the apex, and there from beginning to end triumphant. I may turn out quite spoiled—I am not the man they take me for, as none knows better than you except myself. So that keeps me half ashamed of it all and I am humbled."

6

FOR the next fifteen years the Skibo guest book is an enlightening index. It includes many celebrated names of the century, beginning, in 1899, with Rudyard Kipling who, with his father, Lockwood Kipling, and his cousin, Sir Philip Burne-Jones, spent the summer convalescing from the almost fatal illness of the preceding winter in New York. Here Kipling, living at Creich Manse, wrote a considerable part of his *Kim*. From this time forward the procession of notables was unceasing. There were prime ministers, present and prospective—H. H. Asquith and Lloyd George; high clerics

*Carnegie himself.

†To visit the Gladstone family.

—the Archbishop of Canterbury, the Bishop of Ripon, and Bishop Henry C. Potter of New York; scientists like E. Ray Lankester, Oliver Lodge, William Osler and George Ellery Hale, rubbed elbows with writers, editors and musicians—Brander Matthews, Gilbert Parker, St. Loe Strachey and Paderewski; and American college presidents such as Woodrow Wilson, Seth Low and Nicholas Murray Butler found pleasant companionship with ambassadors—Joseph H. Choate, Whitelaw Reid and Walter Page. A guest whom English friends found especially interesting was Booker T. Washington. One of the annual events became known as “Principals’ Week,” when the heads of the four Scottish universities came, largely for recreation, but also to interchange ideas, perhaps now and then to give their host suggestions as to disposing of his wealth. But there is no profit in cataloguing the names of the men and women who shared the hospitality of the Carnegies in their Highland home; such an enumeration, in a sense, would give a false impression. Open house was maintained not exclusively for those whom Dr. Johnson called “the great.” That Carnegie took pride in making his home the gathering place of the world’s foremost citizens is clear; yet other guests also bring in relief his simpler tastes. There were many old and undistinguished friends, and one of the most delightful traits of the family was a persistence in keeping up with the associates of early days. Friends in Pittsburgh always obtained a cordial reception. Former partners here found the cheeriest of opportunities for recuperation. One of the most popular members of the Skibo fraternity was the white haired Thomas N. Miller, Carnegie’s first partner in iron, the man, indeed, who introduced him into a “hazardous” trade. Another type of guest belonged to the “from doorstep to doorstep” group—friends of moderate resources who were invited from America, their expenses from the day they left home until their return being paid; school teachers in need of an outing, librarians, and practitioners of other unremunerative occupations. The Trustees of the Dunfermline Trust were every year invited for a weekend at Skibo; this list included not only men placed high in the social scale, but workmen, miners and tradespeople. An earl at Skibo might thus find himself on equal terms with popular types, an experience that was commonly a profitable one, for these toilers

were vigorous and independent characters, by no means lacking in conversation, and sometimes exceedingly well read. Nor were the plainer souls overawed by their surroundings. Valets and butlers did not scare them. The annals of Skibo are full of stories illustrating their sturdy manners. On one occasion, at breakfast, porridge was placed before a representative of the working classes. Evidently the guest thought the quantity insufficient, for he looked up at the dignified servitor and inquired: "Why sae sweart (sparing) o' the parritch?"

But there was an inner group that held particular place in the affections of Mr. and Mrs. Carnegie; these came practically every year, and sometimes more than once a year. Several were important figures in the world, but, so far as Skibo was concerned, the relationship was personal. These members of the inmost shrine were called "old shoes"—companions, that is, as much at home and as indissolubly a part of the surroundings as familiar garments. They came when they chose, stayed as long as they wished, went when they pleased and did precisely as they liked. Year after year they occupied the same rooms, which in time seemed to take on the aura of their presence. First of all there were Dunfermline relatives, especially the Lauders, with the venerable "Uncle" as dean. As long as he lived, even when past eighty, the old man was a constant visitor, enjoyed not only by the family but by all the guests, who found delight in his friendly opinions on all matters. Another "old shoe" from Dunfermline was Dr. John Ross—a man of weight in all Scotland, a scholarly lawyer, calm, keen, soft spoken, now and then quietly disapproving of Carnegie's views on Kirk and State. The two had become friends at the time of the coaching party in 1881, and had grown closer with the years. Sir John could relate much of Carnegie's mother, and of his uncle, the Bailie, whose political opinions he abhorred; indeed, the host's habit of lauding "The States" at the expense of Britain sometimes stirred the Scotsman's ire, and on more than one occasion he attempted the rescue of an orthodox Presbyterian guest whose convictions were being pushed rather hard. Yet his judgment of Carnegie was more than once succinctly expressed: "A great soul, a great conversationalist, a great brain." One to whose support Sir John would frequently come was Sir James Donaldson, principal

of St. Andrews University, a profound student, deeply versed in Church history, a fine Greek scholar, rigid in theology but liberal in politics, one of the closest friends of Lord Rosebery, and the most engaging of talkers, especially when gathered about a wood fire. Another principal who had been an intimate long before the Skibo days was Sir George Adam Smith, head of Aberdeen University. The Rev. Robert L. Ritchie, minister at Bonar Bridge, was almost a member of the family; born on the Island of Iona, speaking Gaelic as his native tongue, learned in the history and archeology of the section, he presented the more gentle and elusive phases of the Highland character. Other "old shoes" were Lord Armitstead, Gladstone's companion in his last years; Gladstone's sons, especially Henry Neville Gladstone and his wife; Frederic Harrison, positivist and master of English prose; Sir Henry Fowler, afterward Lord Wolverhampton, cabinet minister and upholder in politics of the things in which the host believed; Hew Morrison, a Gael of the ancient sod, with an eye keen for territory that could be converted into golf links and for unobserved pools that sheltered trout; the Earl of Southesk, whose family name was Carnegie, and who used to try, tortuously and unsuccessfully, to trace a relationship to his host; and Claude Carnegie, whose efforts in this direction were slightly more promising. One couple that never failed were Mr. and Mrs. Henry Yates Thompson—Mr. Thompson, leonine in appearance, whose large head, broad shoulders, bearded face and heavy brows, to say nothing of his blunt speech, strong will, keen humor and occasional laughter, had for fifty years been familiar in Liberal circles in London. As owner of the *Pall Mall Gazette* in the exciting eighties, as a collector of illuminated manuscripts, as a scholar who had won prizes for Greek verse, as a hater of war—a sentiment inspired by a personal view of the Battle of Chattanooga in the American Civil War—as a Home Ruler, an advocate of British-American coöperation—this gentleman of multitudinous gifts and experiences found probably his most congenial field of operation in the Skibo company. Observers used frequently to compare Yates Thompson and his wife to Mr. and Mrs. Carnegie, for the two individualistic men had married women—in both cases much younger than themselves—whose chief qualities were tact and graciousness, and who some-

times had to use these talents to smooth down a few rough spots left by their occasionally rambunctious husbands.

"Old Shoe" in chief, of course, was John Morley. His *Recollections* indicate the meaning Skibo had for him. While Secretary for India in the Asquith Cabinet this was his favorite refuge from popular turmoil. "I got a week's leave from Cabinets," he wrote to Lord Minto on August 12, 1909, "and I am writing this from Skibo on the Moray [Dornoch] Firth, where we are staying with our best of friends the Carnegies. The scenery is beautiful, the heather coming into full bloom, the sea air delicious after dusty London, and the idleness as welcome as daylight."* It was this peace, and a fondness for the household, that brought Morley so far from Westminster. He never played golf; never fished or shot; at times he did not even talk, but silently enjoyed his ease. Carnegie could make him laugh, and he liked to discuss his host's forthcoming speeches and magazine articles. Now and then Morley would join in the general conversation, manifesting a mellow cynicism and disillusionment. One evening he mentioned that the Disraeli executors had asked him to write that gentleman's definitive biography. "Why didn't you do it?" "I don't think the results would have been very artistic," Morley replied. He would give recollections of Hawarden; once he and a Roman Catholic bishop had been fellow guests. At evening prayers they both withdrew—"The Bishop," said Morley, "because he believed too much; I because I believed too little." In 1911, just after the Agadir crisis, the guests were sailing on the Firth in the *Seabreeze*. Here they passed an array of British battleships showing signs of preparation for a contingency. Carnegie looked at them with displeasure. "We have outgrown that sort of thing!" he exclaimed, waving toward the grim spectacle. "Those ships belong to the past. They will never do any fighting." "I was a few days late in reaching Skibo," Morley replied. "The reason was that we were on the verge of a crisis and barely escaped it."

Carnegie's letters betray the pleasure he found in the companionship of his daughter. He was sixty-two when she was born, but the youngest father never recorded with keener ecstasy a

**Recollections*, Vol. II, pp. 314-315.

baby's progress, proudly relating her bright sayings and her puzzled comments on this strange experience of life. She was, he notes, "a wonderful wean." "Baba keeps on showing her American precocity," he writes Morley, "tells her mother and me names of flowers we don't know. Her latest remark: 'Don't step on the nemophila.' Gardener says he told her the name a few days ago. Madam has been told several times but forgotten it." "Mrs. Morley's letter to Baba made a great impression. It is to be answered I hear. Little girl made golf score of 54 today; her mother beaten badly." To George Lauder: "Baba fine—in third class now and reading a little. She repeated a verse she had learned at school, which I praised highly. Then she said, 'Yes, and that isn't Shakespeare either, Papa. Glad some people could do better than he could.' Mean, wasn't it, to attack my God among men?" To Richard Watson Gilder, editor of the *Century*: "We are in retreat for two weeks up here on the heather hills. Glorious times. Mrs. Gilder and you really must see Skibo some of these days. You owe her such a treat. Madam and I very well and Margaret very sprightly. We think she is progressing well. Eats well, sleeps well and keeps us on the go. Her chief work is making up parties who never had a motor ride and taking them as her guests. Already the young socialist crops out. Why should some be rich and others poor? Why do we invite rich people and give them everything when they have plenty at home—and the poor haven't? Questions easier to ask than to answer. Her babble for a day would enrich even the *Century* columns." "Your papa," he writes the child on an important occasion, "was made very happy and proud when he received your sweet letter written in ink in your own hand. Papa has folded it up and put it in his pocketbook so he can carry it about with him and sometimes look at the first letter received from you, but he hopes not the last . . . I hear Mama has not been well. I know she has best care when you are near and watch over her. Make her rest in bed some mornings until her cold is cured."

Carnegie did not sympathize with modern notions that children should not be entertained by unrealities. He would amuse his daughter for hours with stories of ghosts, burglars and other engaging characters, most of which he invented himself. There was no limit to his powers of fabrication. He could begin at any time

and go on continuously; he had the habit of picking up one day the character abandoned the day before, and following his adventures—which seemingly never ended. Similarly the child was brought up on fairies. People were constantly sending him little presents—paper weights and the like; these he would slip in his pockets and give to Baba, maintaining that the fairies had brought them. He had a low soft whistle which his daughter hears in memory even now. Carnegie would call the sprite with this whistle; then, after an interval, he would pull something out of his pocket, insisting that the summoned messenger had placed it there.

Yet Carnegie insisted on one thing in all the stories, anecdotes and ballads which he taught the child: they must not describe the sad phases of life. Anything gruesome or wretched was excluded from her thoughts. One of his favorites among Scottish poems, Sir Patrick Spens's voyage to Norway for the King's bride, puzzled him for a time; as the story is printed in Percy's *Reliques*, the hero is shipwrecked and drowned. This would never do. Carnegie solved the problem by re-writing himself the last part so that, as far as the child's version was concerned, the famous ballad ends happily. He printed the revised text for her benefit in block letters, as follows:

*The King sits in Dunfermline Tower,
Drinking the bluid red wine:
Oh whar will I get a skelly skipper
To sail this ship of mine?
Then up spake a Scottish Lord,
Sat at the King's right knee:
Sir Patrick Spens is the best sailor
That ever sailed the sea.*

*The King has written a braid letter,
And sealed it with his hand,
Was given to Sir Patrick Spens
When walking on the Strand.
Oh I maun sail to Norway,
To Norway o'er the fame;
It's I maun sail to Norway,
To bring the King's bride hame.*

*They landed safe in Norway,
The Queen came on with glee;
Sir Patrick Spens he bowed fou low
And speedily put to sea.*

*The sun shone bright on the Abbey walls
When he landed at Aberdour
With the fairest bride that ever was seen
For the King in Dunfermline Tower.*

Carnegie taught the little girl the amended ballad in honor of her first visit to Dunfermline, and took her to Malcolm's Tower where she recited it.

7

ONE afternoon in October, 1902, a telegram came to Skibo from Dunrobin Castle, the seat of the Duke of Sutherland, a few miles away. This conveyed the information that King Edward, then a guest of the Duke, was on his way to call on Mr. and Mrs. Carnegie. At the moment Carnegie was enjoying his daily siesta and the news, when he was awakened, rather startled him. He jumped up, however, and prepared to give an appropriate welcome. Glancing out the window, the King's motor was visible proceeding up the driveway, and Carnegie, clad in his informal togs, met His Majesty at the doorway. The piper had barely time to get into his Highland garb, and the organist, who had been in the swimming pool, just managed to scramble into his clothes and strike up "God Save the King" as the royal guest appeared. The next hour was one of the most delightful in Skibo's annals. The King visited all parts of the house, looked with admiration at the swimming pool and praised Carnegie for his treatment of the crofters. Looking out the window he saw a small child playing in the garden.

"Is that your daughter?" he asked Mrs. Carnegie, insisting that the little girl be brought in, as he wished to meet her. Margaret went up to the King and curtsied solemnly.

"Won't you kiss me?" the King asked, bending down. At once

the five year old threw her arms around the royal neck and bestowed a most hospitable greeting. In his subsequent tour of the castle the King came into the nursery, showing suitable deference to all the dolls and other childish wonders.

Later, in the billard room, His Majesty's attention was attracted by an unusual sketch.

"What in the world, Carnegie, is this?" he said, pausing before it.

"That," replied Carnegie, "is a namesake of mine. It is the largest quadruped that ever walked the earth." And he told the story. One day he saw a picture in a New York Sunday newspaper portraying a dinosaur skeleton recently found in Wyoming; the journalistic artist had sketched the beast crawling up Broadway, his head reaching the top of a skyscraper, the streetcars passing between his legs. Carnegie had sent this clipping to Dr. William J. Holland, director of the Carnegie Museum, with a laconic note: "Buy this for Pittsburgh. A. C." The quarry was finally run down, mounted and labeled "Diplodocus Carnegiei."

"We must have one of these in the British Museum," said the King.

Another original was not easily uncovered, but a reproduction in plaster was made in answer to the royal request, and is now in the reptile gallery of the London institution. Soon the German Emperor, the President of France, and the heads of other nations began clamoring for replicas, with the result that the *Diplodocus Carnegiei* can be found in most of the capitals of the world. King Edward's passing visit at least did something for popular education on scientific lines.

As he was leaving, the King noticed the American-British flag flying from the tower.

"I like that," he commented.

"Your Majesty, it is coming to that!" said Carnegie.

In the latter part of the visit Carnegie's little girl had been busy in the garden, picking flowers. As the King emerged she walked up and presented two nosegays. "One for you," she said, "and one for the Queen," and the royal visitor chivalrously inserted his own in his buttonhole.

This visit, and subsequent meetings and correspondence with King Edward, had an interesting sequel. The next six years of Car-

negie's life—presently to be described—were important ones; especially important for benefactions on a scale the world had not witnessed up to that time. Carnegie's fondness for Scotland, and his frequently expressed admiration for America, led to a revival of the old discussion: was he a Yankee or a Briton? The question was settled in 1908, and King Edward had a directing influence in settling it. In the fall of that year Morley was the cabinet minister in attendance on His Majesty at Balmoral. Here evidently there was a good deal of talk about Carnegie. "The King," Morley wrote his friend, "spoke to me of your hero fund with lively admiration and applause; thought it would deserve and earn general gratitude; and was a valued diversion from libraries. Altogether as appreciative as your friend could desire. I told him all that you had put in my mind about medals, and I think he entered into it all quite fully. He asked me if I had had a holiday. 'At Skibo,' said I, 'one of the most restful fortnights of my life.' 'A fine place,' said he." Following this letter came a telegram. "After writing you Saturday something passed at Balmoral making it important I should see you before you sail. Let me know your movements with dates." "I rejoice," Morley wrote on the same day, "that you will be visible here before you go. My mysterious telegram this morning was due to something said to me by the King about you, as I drove to the station on Saturday last. An extremely pleasant Something. We shall expect you to luncheon at one on Sunday eighteenth."

Carnegie's memorandum, clipped to this telegram, tells the rest of the story. "We met. Morley told me King Edward had asked him whether he thought there was an honor in his power to bestow which Mr. Carnegie would appreciate. He had long wished to show his appreciation of all I had done for my native land. 'I told His Majesty I did not think there was. "Well," said His Majesty, "ask Mr. Carnegie if there be anything I can do which he would appreciate and let me know." This I now do.' 'Well,' said I, 'you were right. I could take no title; but tell His Majesty if he wrote me an autograph note expressing his appreciation of what I had done for my native land I should appreciate it highly, and so should those who come after me.' Morley did this and in due time the autograph note came, and to our surprise a picture of himself. This I prize 'more than a Dukedom.' I joked with Morley after-

ward. His Majesty was too good a friend, he wouldn't wish to reduce my rank! As American citizens are all Kings, His Majesty is my 'Cousin.' Poor Morley, how he dislikes 'My Lord.' One of his servants saluted him one morning, 'My Lord.' He said, 'None of that! Anyone here who calls me anything but as before will displease me greatly.' ”*

To Dr. John Ross

New York, December 23, 1908.

MY DEAR FRIEND,

I have enjoyed your letter very much. You have no doubt seen the action of the King. The question was whether there was any way in which His Majesty could honor me which I would appreciate. My, what a chance I lost! I might have been a duke! Then you would have treated me with respect, and to get over your bossing me was something of a temptation, knowing your failing, that you cannot stand straight in the presence of a duke, monarchist as you are.

You create a smile with your naïve thought; you "do not see why wealth should not descend if it is held by men of good sense who are willing to give attention to the upbringing of their families." You are young, innocent and unsophisticated. You have not yet learned that wealth has a benumbing effect and that the spur of necessity is needed to make men useful citizens. Even in Yorkshire the proverb is "Three generations from clogs to clogs." But then even you cannot know everything.

Happiest Christmas in your life to you and yours.

Always very truly yours,

ANDREW CARNEGIE

*Morley had recently transferred himself to the House of Lords, as Viscount Morley of Blackburn.

Chapter VII

VENEZUELA AGAIN—AND PREFERENTIAL TARIFFS

1901-1903

MEANWHILE the great concerns of the outside world were enlisting Carnegie's interest. From the "retreat" on the high moors and from the library of the castle came a stream of letters to statesmen, and articles for the daily press and the magazines, discussing the events that were then absorbing the world. The new century, so far as public matters were concerned, did not dawn auspiciously for Carnegie; a Europe armed to the teeth, already deeply involved in the alliances and ententes that subsequently had calamitous results, was to him a melancholy spectacle. The consequences of the Spanish War aroused forebodings, and the annexation of the Philippines he regarded as a fateful flying in the face of American ideals. He criticized Great Britain even more severely for the Boer War, and no "Little Englander" expressed himself more bitterly about the extinguishment of the two South African republics that followed it. He promoted and financed a mass meeting in New York to protest against these transactions. All this time Carnegie's interest in British-American good feeling continued unabated, and any development tending to disturb their peaceful relationship always found him alert in protest.

In 1901-1902 British-American diplomacy suffered another period of tension, and the cause was the same that had produced the violent trouble of 1896. Whenever Venezuela, that ominous and disorderly republic, showed its head, an influence was apparent working against the purpose nearest Carnegie's heart. In July,

1902, Mr. Arthur James Balfour became Prime Minister of Great Britain in succession to Lord Salisbury. One of his inherited problems was the so-called "pacific" blockade which the British navy, in conjunction with the German, had for several months maintained in desultory fashion against this South American country. The new Venezuelan question did not concern a boundary line, but the more immediate matter of ready cash. That the navies of great nations could be used as debt collection agencies was part of the accepted diplomacy of the times, and Venezuela, having repeatedly failed to meet the demands of creditors in Great Britain, Germany and other European states, became, in the latter part of 1901, the unwilling recipient of attentions from a joint British-German squadron. The appearance of a European fleet on the coast of the American continent was inevitably a matter of considerable interest in Washington. The Monroe Doctrine, much enhanced in prestige by the Venezuelan triumph eight years previously, began to lift inquiring eyes once more. Little sympathy was felt for Venezuela, notoriously the worst of debtors; the European nations, indeed, were not alone in possessing claims against the insolvent republic, for American citizens were sufferers in even larger degree. Yet the United States had never made these private grievances an excuse for sending a division of battleships against the defaulter. A citizen who lends money to a foreign state—such had been the American doctrine for years—does so at his own risk; if his judgment errs and he cannot collect his bill, that is his misfortune, the natural penalty of lack of business foresight. That his government could rightfully enforce payment by military means was a principle America had never recognized.

So long as British and German ships contented themselves with quietly patrolling the Venezuelan coast, Washington uttered no protest against the "demonstration"; but on December 9, 1902, the tedious and unfruitful procedure assumed a more menacing course. The combined fleets sailed into La Guaira, seized all Venezuelan warships in sight and subsequently bombarded Puerto Cabello. Apparently the "pacific" blockade had changed to undisguised warfare. A wave of indignation, directed at both Great Britain and Germany, swept the United States. This feeling was presently concentrated on Germany, for it appeared that the Kaiser had even

more far-reaching designs. The Hohenzollern was then in his most expansive and belligerent mood; defiance of the Monroe Doctrine and a Germanic foothold in South America were items in his programme. An attack on German missionaries had recently provided sufficient excuse for seizing a piece of Chinese territory, and there was every indication that Germany now proposed to use these bad debts as an excuse for acquiring a Venezuelan port. "I dread the Venezuelan trouble," Carnegie wrote William T. Stead. "A spark, and there's no telling the end. Occupation of territory on this continent by European powers, even temporary, may result in war. The Democratic Party needs a cry and that's the issue that the other party could not successfully withstand. It would be swept as it was from its peace policy with Spain. There lies the danger. I wish it were closed."

The British Government somewhat eased the tension by assuring Washington that it would not occupy Venezuelan soil, even temporarily, but the fact that Germany declined to give any such promise left the situation still acute. The way in which Mr. Roosevelt, then President, brought Germany to its senses forms one of the most brilliant chapters in his Administration. In the boldest terms he issued an ultimatum to the Kaiser. Unless Germany agreed, within ten days, to submit its Venezuelan claims to arbitration—so his message ran—Admiral Dewey and the entire American fleet would be ordered to Venezuelan waters, with instructions to prevent any aggressive action by the German Squadron.* The American fleet, fresh from the Spanish-American War, was far more powerful than the German, and the Kaiser acceded to Roosevelt's demand.

In bringing Great Britain to its senses Carnegie played an important part. The whole story illustrates the influence which private citizens may sometimes exercise on critical occasions. Carnegie's friendships with the Prime Minister, Mr. Balfour, and other members of the British Cabinet, especially Joseph Chamberlain and the Secretary for Scotland, Lord Balfour of Burleigh, as well as

*For the episode in detail see Thayer's *Life and Letters of John Hay*, Vol. II, chapter XXVIII; also James Ford Rhodes's *History of the McKinley and Roosevelt Administrations*, pages 247-253.



VISCOUNT MORLEY OF BLACKBURN O. M. (1838-1923)

From a painting by Sir Hubert von Herkomer in Skibo Castle.

with the leaders of the Opposition, John Morley, Sir William Harcourt, James Bryce and Sir Henry Campbell-Bannerman, were turned to excellent account. Carnegie's correspondence discloses that all these statesmen seconded his appeal to adopt reason instead of war in settling the Venezuelan quarrel. At the critical moment he sent Mr. Morley a cable, suggesting that it be submitted to Mr. Balfour. This informed the Prime Minister that he was "playing with fire," that Germany was a most dangerous partner, and begged him to accept the President's proposal for arbitration. "I saw the strangely worded message you sent to John Morley," Sir Henry Campbell-Bannerman, Mr. Balfour's successor as Prime Minister, wrote to Carnegie, "regarding this ridiculous but most dangerous Venezuelan folly of our Government, and I cannot but believe that your warning had its effect on the Cabinet, to whose members it was shown. I earnestly hope that the Hague Tribunal will be brought into play, because it will not only be a fitting machinery for dealing with this case, but will be a precedent for the future."

The story is completely told in the following letters:

From John Morley

57 Elm Park Gardens,
South Kensington, S.W.
December 19, 1902.

Private

MY DEAR CARNEGIE:

I got your cable in due course, and sent it on at once to the Prime Minister. He came to me in the House of Commons in the afternoon and said he should send you a re-assuring cable, he thought. Whether he did so or not I don't know. I trust that by the time you get this, arbitration will have been invoked. The feeling in this country, I am pretty sure, is all one way. We should accept or invite arbitration, whether Germany likes it or not. Of course, there is considerable disgust at the nature of the agreement with Germany, but the main thing is to get clear of the wretched mess.

Giffen had an excellent letter in the *Times* yesterday (or the day

before). Our people really won't stand such careless and improvident diplomacy. Balfour has a thousand gifts, but he is not a really *sound* man, to be the chief ruler of this country.

I feel sure from your cable that you are in full force again.

Ever your friend,

J. MORLEY

From the Prime Minister

December 18th, 1902.

Private

MY DEAR MR. CARNEGIE:

I was very much obliged to you for the telegram, which John Morley duly forwarded to me.*

I need not tell you that there is nothing nearer my heart than to preserve the warmest and the most friendly feelings between this country and America, and I hope that the people of the United States will see that nothing has been done by us in Venezuela which can in the smallest degree touch their susceptibilities.

As I stated in the House yesterday, we do not propose to make any landing on Venezuelan territory, and the Monroe Doctrine, to which we have not the smallest objection (rather the reverse!), could not therefore in any way be violated either in letter or spirit.

These South American Republics are a great trouble, and I wish the U. S. A. would take them in hand!

It may be as well to remind you that the monetary aspect of the claims, in respect to outrages on British subjects, which were the real cause of the war, are of the most trifling description, and that if Venezuela had been in the smallest degree desirous of acting as a member of the great community of civilised states, she would not have had the slightest difficulty, at any time, in dealing with these in a satisfactory way. The *other* claims may well be the subject of arbitration.

Pray believe me,

Yours very sincerely,

ARTHUR JAMES BALFOUR

*The message is not in the Carnegie documents and efforts to find it elsewhere have been unsuccessful.

From Lord Balfour of Burleigh

Secretary for Scotland

December 27, 1902.

DEAR MR. CARNEGIE,

. . . I was at the Cabinet when Mr. Morley sent in to the Prime Minister your telegram to him in regard to Venezuelan affairs. None of us have any doubt of the friendliness or of the absolute fairness either of the President or of our old friend Mr. Hay.

As little do we like doing anything which either puts them in a difficulty or gives occasion to less friendly folk to say that Britain is not careful of the susceptibilities of the United States.

No one knows better than Mr. Hay how completely we kept him (and of course through him the President) informed of what we were doing. Every care was taken not to give rise to the slightest suspicion of any unfair action on our part. We knew also, what you so carefully and kindly pointed out, that gusts of popular opinion sweep away well planned structures of policy and diplomacy and we wished to make every allowance for all difficulties of the kind. No mere pecuniary claim would have induced us to take action even against a rotten little State like Venezuela, but when it comes to insults to the flag and gross injuries to our fellow subjects it is really impossible to stand it. I am sure the American people would not themselves if a small or big European State had been guilty in an equal degree.

I write all this to you because I know and appreciate your friendship, because I value your good opinion and because I think you realise how keenly I desire the friendship of the American people.

Very faithfully yours

BALFOUR OF BURLEIGH

From John Morley

57 Elm Park Gardens,
South Kensington.

December 27, 1902.

Such a glorious morning! Bright sky, clear wholesome air! It makes me feel in a regular *Carnegie* humour—buoyant, sanguine,

confident. I'd like to be taking a walk with you down to the Skibo golf links. As I cannot have that, I will settle down to a brisk day's work . . .

I forgot to tell you that I showed your cable about Venezuela to C. B.,* Bryce and Harcourt. It gave them the right cue. People here *loathe* the German alliance,† and what's more, they have had their bellyful of all military operations for a good long while. The national finance is becoming formidable. Most cordial good wishes to your wife. I hope all goes as she would wish.

Good bye, my dear Carnegie.

Always your friend
J. M.

To John Morley

Sunday A. M.
January 18, 1903.

WELL, GOOD MORNING HONEST JOHN!

Glad to get your note. I have just written Mr. Balfour, who wrote me a very nice note indeed, which pleased our President and Secretary of State I can tell you. I had a fine time at Washington. I sent you a copy of the proceedings. It pleased me immensely to see the people en masse absolving Britain from all sinister designs in Venezuela, but it was too bad how they followed your people in hatred of Germany. I regret this and hope the new German Ambassador‡ may succeed in satisfying the ignorant that Germany has no South American ambitions. I showed your note also. Secretary Hay values your words I can tell you. Naturally—You Monarchs of the Pen draw to each other! . .

Yours ever
A. C.

*Campbell-Bannerman.

†That is, the German alliance for joint action in Venezuela.

‡Baron Speck von Sternburg, German Ambassador to the United States, 1904-1908.

From the Prime Minister

First Lord of the Treasury

Private

10 Downing Street,
Whitehall, S. W.

Jan. 30, 1903.

MY DEAR MR. CARNEGIE,

Your letter has given me the greatest gratification.

In this country, as in other countries governed by representative institutions, parties are divided upon most subjects: but I do really believe that the one thing on which they are agreed is a desire that our relations with your great Republic should be based on that foundation of mutual comprehension, affection and esteem which form stronger links than the most formal treaties. This, at all events, has been through all my political life my most fondly cherished hope.

I earnestly trust this wretched Venezuelan business will soon be brought to a close satisfactory to all parties.

Believe me,

Yours very sincerely,

ARTHUR JAMES BALFOUR

The matter was quickly brought to a "satisfactory close." A tribunal was established before which all claims against Venezuela, including the American, were adjusted. Moreover, they were paid, an American Commission taking charge of Venezuelan Customs and deducting from the receipts the amount needed to reimburse honest creditors.

2

WHAT Carnegie regarded as another blow aimed at his ideal of Race Reunion came in 1903. This time the marplot was his very good friend, the Secretary of State for the Colonies, Joseph Chamberlain. It was a period when the decline of British industry inspired the lamentations of those prophets of evil who seem to flourish perennially on British soil. Mr. J. Pierpont Morgan's purchase of British steamship companies, particularly the White Star Line, had roused these lugubrious souls to prolonged strains of

impending ruin. British reviews and newspapers were giving large amounts of space to articles describing the rapid inroads of the United States and Germany on the great bulwark of Britain's supremacy, its foreign trade, and the "Americanization" of England was a ghost that made horrible the dreams of every true born Briton. Was there any possible escape from destruction? Mr. Joseph Chamberlain, for several months an uneasy member of the Balfour Administration, now came forward with his cure. The Cobden gospel, so far as Great Britain was concerned, had outlived its usefulness. Free trade was the enemy that was dragging Great Britain to her doom. The British market should no longer be the "dumping ground" for the world. As part of his plan of "tariff reform" Mr. Chamberlain included a scheme for building Great Britain and her Dominions into a close political and economic unit, a programme that rapidly became known as "preferential trade." Products from the outside world should be taxed in British ports, but products from Canada, Australia, and other lands under the British flag should be admitted free or at a tariff rate considerably below that assessed on strangers. Chamberlain had in view a British Empire which would resemble that comprised by the forty-eight American States—free trade within these commonwealths, but protective tariffs against outside nations.

The proposal was one that has since become almost a commonplace of British thinking on political and economic subjects. Several times it has figured in general elections and, at the time these lines are written, under the designation of "Empire Free Trade" it figures in the daily news, and the Cobdenism against which Joseph Chamberlain railed in 1903 is also going into the discard. At that date, however, Mr. Chamberlain's panacea was a revolutionary one, a complete rejection of British fiscal policy and a blow at the liberal arrangements that, in the view of free traders, had made Great Britain the leader of the world. Was England, grown rich and mighty under free trade, to revert to a device so discredited as protection? But it was not this aspect of Mr. Chamberlain's plan that chiefly aroused the ire of Carnegie. The wickedness of a preferential tariff to Canada and other dependencies was, in his view, that it was likely to make trouble between Britain and America. Here was "Race Imperialism" with the United States left out! The

proposal stirred all the antagonism of his nature and among the voices lifted in hostility Carnegie's was one of the most frequent and emphatic. The United States, he proclaimed, would not rest acquiescent in the face of such an unfriendly demonstration. Let Britain, if it chose, declare economic war; America had plenty of reprisals in hand. He indicated one instrument with which America could crush Canadian trade. In winter Canadian products find access to world markets only by grace of the United States. Her ports, Montreal and Quebec, are frozen solid, and Canadian products reach the Atlantic at Portland, Maine. The American Government, by treaty, affords this privilege. Should the Chamberlain proposal go into effect, the United States could ruin everything by shutting Canadian shipments out of American harbors. In private correspondence, in articles in American and English magazines and newspapers, particularly the *London Times*, Carnegie defiantly waved this threat in the face of British statesmen. That John Morley, staunchest of Liberals and biographer of Cobden, would oppose the Chamberlain heresy, might be assumed.

To John Morley

Langham Hotel, London.
Monday evening.

We are hoping you are not laid up from the fatigue of Cambridge. Never did you, or anyone else, make a nobler speech, and so telling, so true. I have sent it to New York to be republished. That speech must go home to some of our wavering Liberals like a rapier thrust. It brings forward the real issues involved.

"The People didn't hate Britain when Mr. Gladstone was in power." So true, so true!

You ought to be a proud and happy man as successor to Chatham, Burke and Bright and Cobden. Adieu—off in a few minutes.

Yours ever,
A. C.

We lunched with Campbell-Bannerman yesterday and he was loud in praise of your work at Cambridge.

Remember the "Open Door" is to be found at Skibo.

A. C.

From John Morley

June 4, 1903.
57 Elm Park Gardens,
South Kensington.

Your letter just come, my good friend. I have been on the point of writing to you for a week. I would give a whole *guinea* for one afternoon's talk with you about the bombshell that Chamberlain has thrown into his own camp. It is pure mischief in every way—but a nation that was foolish and wrong enough to be duped into the Boer War may be foolish enough to tumble into a passion for dear food. If so, the Boer will be avenged, won't he? . . .

It rejoices me to think of you as fishing, yachting, golfing—"well and happy." What good words! Well and happy. Long, long, be it so. I am concentrated on my task.* It must be put through now. I will not branch off for free trade or anything else. They want me to lead the campaign. But I must finish first. I owe it to the public and to the memory of the old hero—free trade or no free trade. The truth is, my dear friend, that a whole set of new facts has come up since Cobden. His principles stand, but the case must be got up afresh, and that needs time, and time is precious.

"At my back I always hear
Time's winged chariot hurrying near."

We long for a visit to you.

Warm greetings to you both,

Always your faithful friend

J. M.

The fish delicious, thank you.

To John Morley

Sunday (June) 14, 1903.
Skibo Castle,
Dornoch, Sutherland.

GOOD MORNING, *Mon Ami*:

Happy to know that you cannot leave this year, which means you are going to do your part to keep your Country on the right and only safe path.

*At this time Mr. Morley was engaged on his *Life of Gladstone*.

Rosebery has struck the root of the mischief. It embitters the relations of the two branches of our race. There is no use pleading to the American farmer that Britain has a legal right to penalize his products. "All right," they will say, "guess we have a right to do as *we* please. Repeal the right given Canada as a favor to transport these favored products across our land *in bond!*" This means that Canada will be bottled up five months in the year. She uses now Portland, Maine, for Exports and Imports. "She (Britain) taxes our food products so much over Canada's? All right, tax her goods so much over Germany's." That's fair. I know the Western people, and this will carry the country. There are nine millions engaged in agriculture, only five in manufacturing, and farmers unite as one man whenever the interests of a green leaf are concerned. The policy will sow discord where today, in America, there is a fruitful harvest of friendly feeling blossoming into genuine affection and pride in the Old Home. It is this feature that pains me most, but there is another.

Hopes have been planted in the Colonies. They are poor, stationary almost in development. Of course they are quickened at the prospect of a big haul from the ever generous old mother, and their demands will be staggering. Free Trade for their exports to her, and Tariff and Bounties upon your exports to them; and a tax upon similar articles from other countries to you. The idea will be found totally impracticable, but that does not end the evil. What has it left behind in the disappointed Colonies? Now whether it is successful or not, great injury results to the Empire. Your friend* is the wrecker of harmony wherever he goes; mark that! Where Satan dwells discord ever reigns. Never did I know of action so rash, so reckless, as this of his just now. These things show a man of keen restless energy and drive, minus sane judgment. A dangerous demagogue.

I am reading everything on this subject and saving a good deal of it. I am so sorry that the people of the United States have been set thinking of threatened discrimination against them. The *New York Sun* asks: "If the American people are made hostile, what avails it if Canada has supplies to send which would never be allowed to reach her ports?" This is deplorable but alas! true!

*Joseph Chamberlain.

Such a screed Sunday morning when I might have been at prayers!

Do come up.

Yours ever,
A. C.

From John Morley

57 Elm Park Gardens,
South Kensington.

June 21, 1903.

MY DEAR CARNEGIE,

I take it very kindly that you should have devoted an hour of a Sabbath morn to sending me such an interesting and suggestive letter. I read it with full sense of its values. It is really impossible to measure the mischief of this reckless policy—and even if common sense and sound judgment carry the day, the consequences of the *shake* will remain or revive. I understand that he says he does not expect to win this time, but that after a weak Liberal Government has been in for a year or two, then he'll come back and win. Perhaps he may. A country that let itself be duped into the Boer War is capable of anything in the way of wrong and folly. I am much solicited to put my book aside and betake myself to the platform. 'Tis a conflict of duties. But I shall have cast the book behind me within eight or nine weeks more of work, and my hope is both that the book itself may be of some use in the battle, and secondly, that its writer may be all the more likely to influence opinion if the book should be well thought of. So I mean to stick to it. Don't you agree? Life is short, and the night cometh when no man can work. (Isn't there a Sunday morning sound about that?) . . .

What's all this you find wrong with my "cool critical head" and queer heart? Both head and heart are as sound as a bell.

The papers have had a paragraph sending me to Skibo in the last week of July! I wish they were right. I long for the Highlands and I long for some lounging sauntering talks with you. On July 24th I am to be the guest of the Merchant Company at Edinboro' at their annual dinner. If the weather be decent I should be

tempted to run on to you and your castle for a couple of days—if you happened to be free.

Last Sunday I spent in the company of the Prime Minister.* It was a delightful day, but I had a painful feeling for him, just as I should have about myself if I had undertaken to manage the Carnegie Steel Works, or to do anything else for which I am wholly unfitted.

My best greetings to the lady of your house—and I'm sure that you are all well and happy. With you that is only a matter of simple duty, I know.

My cool and critical head, my dear Carnegie, doesn't prevent me from being cordially and entirely

Your friend,
J. M.

To Elihu Root†

July 21st, 1903.

My DEAR MR. ROOT:

. . . I have just written to the London *Times* upon the proposed discrimination against our products in favor of Canada. I shall send you a copy. Meanwhile, please ask the President not to commit himself in any way until you can show him the stand I have taken.

The action that the Republic would take is a serious consideration in the discussion. Lord Rosebery has stated that the danger of disturbing present relations between us causes him to look with grave doubt upon the scheme. The *Standard* newspaper, next to the *Times* a leading Conservative organ, has pressed this point strongly.

In my opinion we have the matter in our own hands, and have only to intimate that we have to meet discrimination by withdrawing the privilege Canada has generously received of exporting her products through United States territory to the seaboard. I find that last year Canada sent 28,000,000 bushels through our ports; she did not send half this amount through her own. The President has only to say the word and there is no injury to our products

*The Right Hon. Arthur James Balfour.

†At this time Mr. Root was Secretary of War in President Roosevelt's Cabinet.

possible. That he would say it, I have not the slightest doubt, but on the other hand I think that Britain could be seriously misled if any uncertain sound were heard from us . . .

Always yours,
ANDREW CARNEGIE

To the Prime Minister

At Sea for the Day*

July 23rd, 1903.

DEAR MR. BALFOUR:

I hope you will read the letter which I have addressed to the *Times*. I could not touch upon the dangers of the Canadian Question which Lord Dufferin told the Cabinet was the gravest with which the Empire had to deal. I had thought of asking an interview to describe the situation, but this may serve. I have talked freely to several of your public men, for years past, and have asked them: "How would you like Scotland to be flaunting the Stars and Stripes along the border, boasting its allegiance to the Republic; raising objections to your making treaties, as Canada did with the Nova Scotia and United States treaty; raising what you consider trumped-up claims to territory, as she does on the Pacific Coast, and which she does only because she knows Britain is in reserve behind her? They would never have been heard of otherwise." The reply has invariably been: "We should not like it at all." Lord Balfour of Burleigh so answered. He was the last Cabinet Minister, I think, to whom I put the question. Now, my dear Mr. Balfour, if, when you put the question to yourself, your answer is, as the others, "I should not like it," you would make a mistake if you thought the American did. *He only tolerates a European flag upon the Continent*, and the one along his own border is hard to bear. Secretary of State Olney expressed to Lord Salisbury (Venezuelan correspondence) what every American feels, that it is an unnatural position for a European Power to have any control over the American people. Poor Spain agreed to President McKinley's demand that Cuba should be given the rights that Canada had and he thought the question settled, but before he had time to announce the settlement, Congress had risen. "What is Spain doing over here

*The letter was evidently written while Carnegie was cruising on his yacht.

anyhow?" was the cry. In vain the President pleaded. The hour had struck for another European occupation of the American continent to cease forever. Pray never forget that the blood of the Briton runs in the Republic, and the thirst of territorial domain is inherited. *It is in the blood*. If anything arose to incense America against Britain, and, at the moment, if Canada paraded its loyalty offensively, talked military organization and defenses along her border, as she is doing just now for instance, there are all the latent elements of danger present, but your stand on the Cuban question* has touched America; never have I known her feelings so warm as now. All parties regard you and Britain as our friends indeed, and were Britain in serious trouble today—I mean *in extremis*—defensively, America could not be held. No danger of your food supply nor of permanent invasion then. I regret that we are not doing even justice to Germany and Russia. Britain is today our only real friend, even with the masses, something unknown before. In the Venezuela invasion Britain was all right, poor Germany the real enemy!

Nevertheless, control of the North American Continent is in the fiber of the people. I do not believe Canada is to be merked by force. All the economic forces are working to produce a union which is no less natural nor less inevitable than that of England and Scotland. American statesmen know this well and they wait patiently.

Fewer British born people were in Canada in 1900 than in 1890, but this element is still in the front. It is however being displaced by born Canadians who resemble the American in everything. More American born or American adopted citizens than Britons are now attracted by new land there. They sell or rent their American farms at one hundred and one hundred and fifty dollars per acre and buy in Canada, across an imaginary line, at five and ten dollars. These men and their descendants, if they remain in Canada, will surely worship the Stars and Stripes—Washington and Lincoln their heroes.

The foreign and the native element cannot be expected to feel toward Britain as British Canadians do. The old home tie weakens

*In the Spanish-American War the attitude of Great Britain was extremely friendly to the United States. Her neutrality was of the "benevolent" order.

with every successive generation, both in the United States and Canada. America grows only Americans.

In bidding for Canada's trade, you are liable to be outbidden by America. There is nothing you have to offer that ranks with free entry to the vast and expanding American market (the heart's desire of Canada), which absorbs ninety-six per cent of all manufactured articles out of a total production three times greater in value than that of Britain, and whose market for timber and agricultural products adjoins Canada's border for three thousand miles. The Protectionists and Agriculturalists have opposed Free Trade with Canada, but if it became a contest between Britain and America, opposition would cease. Commercial Union would carry Political Union in its train.

The part of wisdom for Britain, I am sure, is to let the sleeping dogs lie which slumber around the Canadian problem.

Carefully managed, there seems no reason (an explosion always excepted) why the present conditions should not continue during our lives. The future will take care of itself. I am quite happy knowing that as it is impossible for the dear old Native land to attach itself to the European Continent, a kind destiny is to reunite her to her own children across the Sea: Canada, America, Britain, all one, first as to International questions and finally as to all. The British Islands will be too small to stand alone when Europe's impending Consolidations take place.

There is one fact which of itself renders Preferential Rates to Canada impracticable. For five months in the year, she reaches tidewater only by the gracious permission of the Republic. Almost all of her foodstuffs reach you through American ports which she uses the year round because the rail haul is shorter than to Montreal and the Ocean Route less dangerous. To transport eight hundred miles further to Halifax in winter months or five hundred to St. John by rail than to American Ports would eat up more than five shillings per quarter proposed preference.

To base action on the hope that America would continue to give Canada the weapon which was used to strike her would be sheer madness. President Roosevelt would not let a day pass without withdrawing the privilege and bottling Canada up.

Your place in History is assured. The splendid settlement of the

Agrarian trouble of Ireland must take rank among the achievements of great statesmanship. Your share is also great, next to Lord Salisbury's, in the policy of standing by the other branch of your race (the race ideal here) against Europe in the Spanish trouble. Is there to be added another leaf to your chaplet, and that the grandest of all? That at a serious juncture in your Country's history, you declined to discriminate against your race and continued to the English-speaking American equality with the English-speaking Colonial. This will make you the Father of the potent force of the future, Race Patriotism, which is not to supplant, but supplement, National Patriotism; as the Virginian of today supplements State Patriotism by the wider Patriotism of the Union, so are the American and the Briton some day to cherish Patriotism of the whole Race. Or is your career to be dimmed by disaster? Because of my deep interest in you and in my native land, I wish to record my conviction that nothing but disaster can follow an attempt to prefer Canada over the Republic. You can return to Protection and levy any duties thought proper, bearing upon all equally, without the slightest danger of disturbing present relations with your Race across the Sea. Our Protectionists will hail Britain's adoption of Protection just now, for it will save the McKinley Tariff from threatened revision. "This is no time to take off duties, when Britain is putting them on," will be the cry. The British market can never be of moment to them, and duties will raise the cost of Britain's manufactures, and so benefit America in the neutral markets of the world; but for the reasons given, you cannot strike her sensitive nerve, the Canadian Question, without hearing a yell of rage and getting a blow in return. You may find no Americans speaking out frankly to you as I do, but you will find the safest rule of conduct by simply first deciding what you would do if in the American's place. As you would feel, he feels; as you would act, he would act. Just put yourself in his place and go ahead, and you will be on the right path.

With high regards,

Always your friend,

ANDREW CARNEGIE

Rt. Hon. A. J. Balfour,
10, Downing Street, London, S. W.

From the Prime Minister

First Lord of the Treasury

*Private*10, Downing Street,
Whitehall, S. W.

July 28, 1903.

MY DEAR MR. CARNEGIE:

Thanks for your letter of the 23rd and the enclosed memorandum.

I will not attempt to discuss the matter by correspondence but shall hope to have a full talk when we meet.

As you are well aware, I have no wish, public or private, nearer my heart than that of securing and preserving genuinely good relations with the U. S. A., whom I do not in any sense regard as a foreign community. Yet I cannot help thinking that their attitude of mind, if (as I doubt not) you accurately describe it, is somewhat unreasonable in regard to Canada and to "Preference." The last thing I desire to excite is a tariff war with the States. But I can hardly think that they have grounds of complaint against the sort of "preference" which has been suggested, when we think of the high protective duties *they* have levied against English producers and the nature of their trade arrangements with Cuba. This, however, is a subject too large for correspondence, and I put these propositions more by way of query than by way of dogmatic assertion.

Yours sincerely,
ARTHUR JAMES BALFOUR

Mr. Chamberlain's plan for tariff reform and Canadian preference did not succeed. His one accomplishment was hopelessly to disrupt the Balfour Ministry and precipitate its defeat at the general election of 1905. The timeliness of Carnegie's comments, made thirty years ago, seems fairly startling. The whole episode may be fitly closed by the following letter to Morley. Carnegie had been occupying his voyage home by reading Morley's recently pub-

lished *Life of Gladstone*, to which the correspondence of this period contains many references.

To John Morley

October 28, 1903.
Thursday noon.

In sight of Nantucket Light. Finest of all our voyages this, notwithstanding heavy head seas and gales all the way.

I have read carefully two of the three volumes and am in the third. It is a treasure house of gems. "Fortunate in his historian" will be the verdict centuries hence, as it is today. Truly this book takes rank with the few histories of great men we now call classics. Great as the subject is, you have wound around him a hundred of the finest things written by the Masters, and all so apt. Nothing forced. Many original gems also. I read with pencil and cutter in hand and note as I read. It means so much to have known both hero and author (not historian). You really are the latter to a degree, for out of the scattered elements you have forged a grand whole. Plutarch, Caesar, Boswell, Franklin, Morley!

I have been most impressed by the religious, or rather the theological basis upon which Gladstone rested and upon which he developed. To me his words about the unknown watching and strengthening and even directing him as to the details of the tariff are impious. They are so shocking to reverential feeling as we gaze upward and behold the skies. They remind me of Cromwell who was certain the Deity had him in special charge but in his age we can make allowances.

Your Gladstone is a noble among the Nobles; so true, so bold, and consumed with a burning desire to lift his race. I feel closer to him than ever. He was a fortunate man in having no doubts, for a wider horizon might have blunted his intensity, but I hold that, even if doubts intrude, these should be driven and kicked aside—never allowed one moment's rest. "Get thee behind me Satan." I like Plato: "We should allure ourselves as with enchantments." If it be not so it ought to be so. And there is an end.

I am happy indeed in having known the imperious soul Gladstone which you have revealed and not in small part evolved and created. It took a great man to see and feel his greatness.

I had an ovation in your dear old Ireland.* I send you my Cork speech. Wasn't it remarkable how His Majesty's Health was received? I think he should be impressed by his hold now upon the Irish people. All the Bishops (four) attended the banquet. It may be a good idea to send Knollys† the paper; it may induce His Majesty to ponder over his power for good. Your name was cheered in Limerick as I spoke of being classed with that great man and great friend of Erin, John Morley.

Senator Lodge, who is on board, tells me he would rather meet you than any man living. I told him I would introduce you in Washington. He told me Chamberlain asked if I were right re preferential tariff, etc. He replied, "Yes, if you begin discrimination." Senator Lodge had read my *Times* letter. We had a good laugh at Chamberlain's innocence of colonies. I note that he expects Canada to restrict the development of new manufactures and make low duties on these to Britain. Canada is to devote herself to food growing, etc.‡ This was the old policy. America was not allowed to make nails but had to stop at pig iron. I pointed out Chamberlain's figure of Canada as the jackal to feed the British Lion. Senator Turner of Alaska Commission also with us. They roared. Chamberlain has killed his plan by this, sure, in Canada, so they agree. I am glad Senator Lodge agreed with me. He also told his friend Mr. Balfour. So far so good. Of all our voyages (eighty-eight) this has been the most comfortable. Even Lou‡ calls it "our private yacht." We have such big rooms in a quiet part.

One thought. You, and, we hope, Madam, will be fellow passengers next time. Good morning friend.

Yours,
A. C.

*Mr. Morley had been Secretary of State for Ireland in 1886 and from 1892 to 1895.

†Lord Knollys, Private Secretary to King Edward.

‡Mrs. Carnegie.

Chapter VIII

"FOR THE IMPROVEMENT OF MANKIND"

1898-1906

MANY letters came to Carnegie on his retirement. One of them, from Abram S. Hewitt, appraises, with the pardonable admiration of a friend, the contribution to the modern world for which Carnegie will be chiefly known, and forms an appropriate introduction to this, the culminating epoch of his life. "I infer," wrote Mr. Hewitt, "that your steel deal has been closed. It is the most marvellous experience in the history of industry. Your career recalls Aladdin's lamp more than anything else. I cannot tell you how much we all admire the use you are making of your wealth. Originally I could scarcely believe that you would put your principles in practice, but you have given conclusive proofs of your sincerity." "Your example and your practice have provoked general discussion and it is interesting to see that the duty of wealth announced in your book is now generally recognized by public opinion. The change is extraordinary and before the century expires I expect society will see a very different state of feeling from that which now prevails where class is arrayed against class. I estimate the value of your life not so much by the wealth you have attained or even the distribution of it which you have adopted, as in the fact that the whole sentiment of mankind will be affected by the principles which you have laid down and which you are putting into practice. It seems to me that your position in the history of social development will be that of the man who first compelled wealth to recognize its duties, not merely as a matter of moral obligation, but of a decent self-respect on the part of men who control large fortunes."*

*Hewitt to Carnegie, March 1, 1901; June 18, 1901.

Carnegie had his own expression for the new career on which he now embarked, finding an illustration in the business that had furnished the sinews for his campaign. Success in steel had been the triumph of modern processes for eliminating phosphorus and other destructive substances from iron ore. Similarly human nature needed "dephosphorization." "The improvement of mankind" is the more formal description found in the charters of Carnegie's benefactions. Optimist though he was, Carnegie held no exaggerated notions of human perfection; however, he believed in evolution, certainly in the possibility of vastly ameliorating the existing status of society. The mere palliation of evils—what is usually known as charity—did not greatly interest him; the eradication of the causes—the removal of the phosphorus—that made so many millions of human beings ineffective and vicious was a goal worth striving for. At the age of sixty-five Carnegie entered on this novel trade, giving it the same enthusiasm that had brought such profits in the material field.

Probably the agency that seemed most important in this process of "dephosphorization" is the one with which Carnegie's name is chiefly associated, the free public library. The greatest single obstruction to progress, in his opinion, was ignorance. Human kind advances in one effective way, by the dissemination of ideas. Poor man struggles forward, encumbered by a mass of rubbish, the prejudices, superstitions, animosities, impossible loyalties and irrational preconceptions that are the heritage of a primitive past; not until this growth is cleared away and inherent reason permitted to assert its supremacy will anything resembling real civilization be attained. The world is a mass of evils, for which there is ultimately only one cure: the development of a new mentality in place of the old. In his early library gifts Carnegie insisted that, in some conspicuous place, there be erected a simulacrum of an open volume, across whose pages were to be inscribed the words: "Let There Be Light," the rays of the rising sun illuminating the background. The concentration of light upon the dark universe of the average mind—such was the purpose guiding the library expenditures. Carnegie had strong faith in the eventual triumph of intelligence, but had outgrown belief in sudden methods. The busybody reformer with nostrums for the immediate transfor-

mation of the earth was not the true prophet of the millennium. Certainly this was not the cure for the many evils in which his own country found itself involved. The nineteenth century had witnessed the settlement and expansion of a new continent on an unparalleled scale, and in this progress Carnegie had played an important and perhaps the leading rôle. The occupation of the twentieth should be the development of a national character that would fitly adorn and govern this new material empire. Though Carnegie could hardly hope to witness complete success, at least he might do his part in laying the foundation for the better time. Fill the popular mind with accurate information and right principles of thinking and the job was half done. Therefore cultivate the habit of reading in all classes of society. Therefore place books in the hands of every man, woman and child.

The universality of this work was the essential point. Higher education, necessarily limited to a selected class, Carnegie did not despise; several of his finest benefactions took this form; but the thing that enlisted his interest was the progress of the "common mind," the gradual levelling up of mass intelligence. A splendid monument like the Pittsburgh Institute afforded great satisfaction, but similarly in keeping with his programme was a tiny granite library on the Island of Iona, off the coast of Scotland, or a little repository of books on the Western prairie or the South African veldt. Even an appeal from Gladstone, written in a trembling nonagenarian hand, could not induce Carnegie to come to the rescue of the Bodleian at Oxford. This was a scholars' library, a great storehouse of literary and historical treasures not useful to the common man. It therefore did not fall within the field Carnegie had set himself. Always his memory, in planning library gifts, reverted to early days in Pittsburgh, when Colonel Anderson placed his books at the disposal of himself and his working boy associates. The respect which Carnegie had for this mentor is manifest in the statue he erected in his honor, before the entrance to the Carnegie Library in Allegheny, and the work which Colonel Anderson did in his restricted area was the task to which Carnegie set himself on a continental scale. The creation of intellectual centers accessible at all times to all classes was the ideal. Gifts were limited to English-speaking countries, partly because

only Anglo-Saxons had developed a general public library system, and also because, with his confidence in "race imperialism," his own people seemed the most promising field for the kind of education at which he aimed.

Scornful critics, whose voices are still occasionally heard, assailed the Carnegie libraries as merely the expression of an exalted egotism; the purpose was to scatter over the face of the earth a succession of "monuments" erected primarily as a form of purchased glory. Carnegie's first offer to Pittsburgh was ignored, the local newspapers denouncing it as a scheme to immortalize the benefactor. Even now the belief too widely prevails that every Carnegie library bears the giver's name and that, unless this form of recognition were forthcoming, no grant was to be obtained. For such an impression there is no foundation. Not one-third of the libraries for which Carnegie provided the money are embellished by his name. A patient student has discovered twelve American states, having 265 buildings erected at the expense of the ironmaster, not one of which has been christened in his honor. Indiana in itself is a standing refutation of the legend, for although Carnegie endowed the state with 155 libraries, not a single town or village has seen fit to emblazon the word "Carnegie" on the structure.* Never, directly or indirectly, did the donor propose such a distinction. Many communities—about one-third—have made acknowledgment in this form, but in all cases the gesture was a voluntary one. Carnegie was human, and perhaps, in the early days, when benefactions of this kind were unusual, such manifestations were not ungrateful, but it was a kind of glory that endless repetition rendered stale. The appellation that pleased him most was the simple phrase, inscribed over the doorway, "Free Public Library," prefixed by the name of the town—for these words expressed, more eloquently than any personal description, the end the building was to serve. Though generally he acceded to a request that his name be used, there were occasions when a veto was imposed. Shelby M. Cullom tells how Carnegie contributed a large sum toward constructing the "Lincoln Library" in Springfield, Illinois. In gratitude the people proposed to name

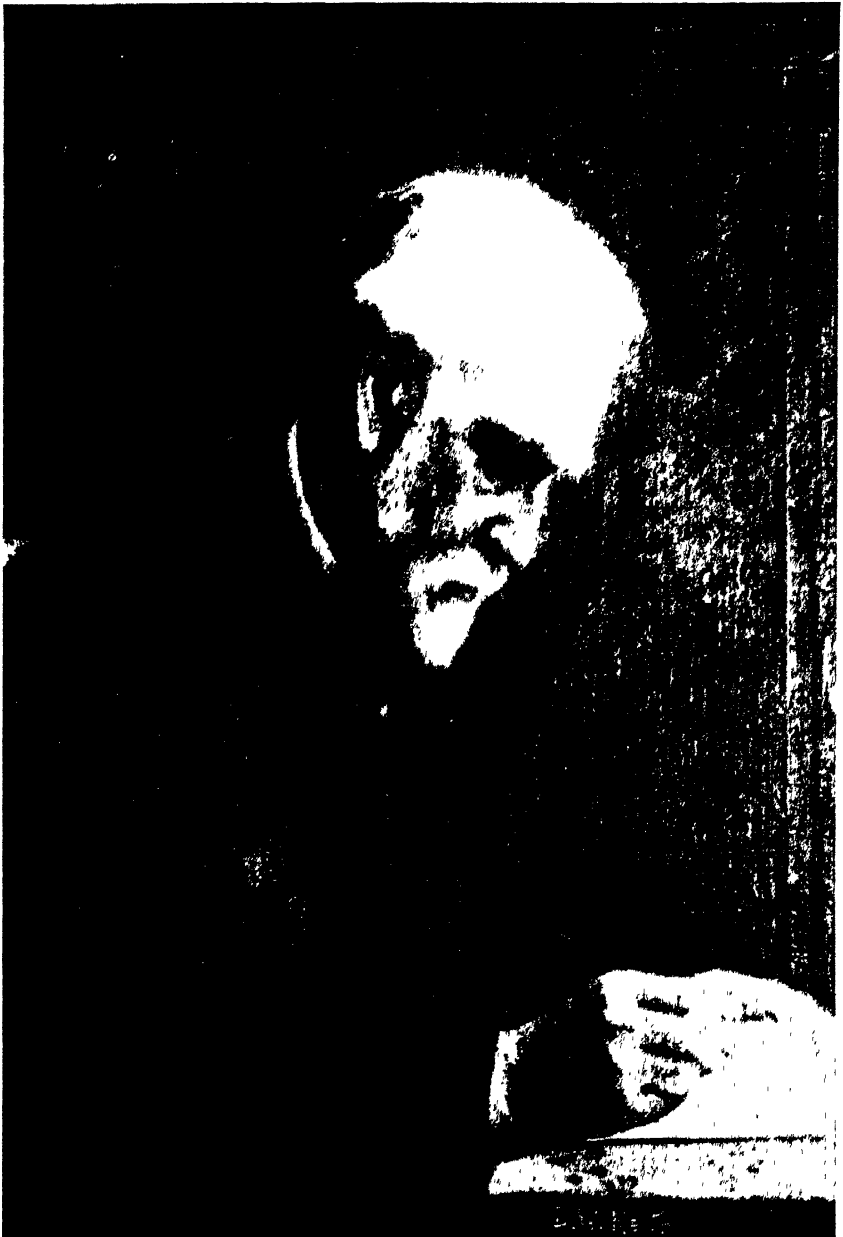
**The American Public Library and the Diffusion of Knowledge*, by William S. Learned, page 74.

the building the "Lincoln-Carnegie Memorial Library," but Carnegie sharply protested, saying that he "would consider it a desecration to have any name linked with that of Lincoln."* When several hundred thousand dollars were contributed to the Franklin Institute of Boston, a similar proposal was made to hyphenate his name with that of the immortal statesman, only to be met with an indignant refusal. The charge that Carnegie insisted on having his name attached to his every gift, and never gave "by stealth," is ridiculous to one who has examined his private papers and observed the stream of millions flowing from his coffers for an infinity of men and causes of which the public has never heard. The use of Carnegie's name was sometimes amusingly accidental. In 1892 he built a beautiful auditorium on Fifty-seventh Street, calling it the "New York Music Hall." It was found impossible to book distinguished foreign artists for a place with such a title, "music hall" in England and the continent representing about the same thing as "variety house" in this country. Without Carnegie's knowledge and when he was absent in Scotland, the structure was transformed into "Carnegie Hall," under which denomination the greatest composers and performers for forty years have gladly made the place the musical center of the metropolis.

Properly to understand Carnegie's policy it must be remembered that he never gave libraries at all. A library is a collection of books, and such benefactions did not fall within his scope. What he gave were buildings in which books could be stored. So far as the public library is concerned, Carnegie came upon the scene at a critical moment. America, in its three hundred years of history, has witnessed the growth of two great educational ideas. The first is the use of public money for universal education; the second is the diversion of popular funds for free libraries. The much berated Puritans of New England are responsible for the first innovation. That it was the duty of the State to give, at public expense, education to every boy and girl, was a revolutionary principle which made headway slowly; it completely dominated New England even in the Colonial era; thence it spread West, but in the South and Southwest the public school has gained ascendancy only in recent times. About thirty years ago another institution

**Fifty Years of Public Service*, by Shelby M. Cullom, pages 431-2.

of a similar type was struggling for recognition. The notion had dawned in certain minds that not only the schoolhouse but the circulating library should be regarded as a function of the State. The Government had assumed the task of teaching its citizens to read; why not go a step further and provide the reading matter? Education is a life process; it should not stop with the school; it should be placed not only at the disposal of children, but adults. The "true university," as Carlyle said, is a "collection of books." Reading was not only pleasant and recreational, tending to develop character and enliven the mind; it could also be made a tremendous force in engendering good citizenship and seemly living. A proposal of this kind would naturally encounter opposition. Furnish books for the masses free of charge? Why not provide clothing and food as well? The specter of socialism was once more raised by the spokesmen of conservatism. Identically the arguments formerly used against general education at the expense of taxpayers were now brought forth to combat this new form of "pauperizing." Libraries were not unknown, but in few cases were they free, only payment of an annual subscription giving access to the shelves. Here and there a philanthropic millionaire had provided a building for public use, and the popular success attending such gifts gave impetus to the library movement everywhere. In the late nineties the agitation was general; in practically every enlightened town and city the question was an issue. Carnegie now stepped forward as the leader in this new cause. He had no intention of founding such institutions or of endowing them. This would not only have demanded a greater fortune than even he possessed, but would have contravened his basal idea—that public libraries were a state function, like the public school, and could become universal only when that principle was embedded in the popular consciousness. Carnegie aimed to stimulate the sentiment everywhere arousing to this end; to intervene, in a telling and conspicuous way, and to act as a kind of goad in prodding the reluctant town or city to its duty. The desire to get something for nothing is innate in human nature, and he was shrewd enough to capitalize this weakness. He let it be known that any locality showing evidence of need and pledging an annual appropriation for maintenance could obtain a building free. Carnegie, it will be



ABRAM S. HEWITT (1822-1903)

From a painting by D. W. Keith.

(*Keystone View Co.*)

observed, gave less than the recipient of his bounty; his contribution was a flat sum, given once, while the community appropriation was to be an annual one, theoretically continuing forever. Nothing so rigid as a contract was exacted. The town was required to adopt a resolution agreeing to store the completed structure with books and to appropriate annually, for upkeep and administration, a sum, usually ten per cent. of the Carnegie bestowal. A promise was sufficient for the donor's purpose. Once the library had begun operations there was no doubt that it would quickly become a part of community life, as indestructible as the church or public school. So the event has proved. Occasionally an overoptimistic town or village has accepted a larger building than it could profitably use, and pledged itself to greater expenditures than were warranted by its financial condition; failure to live up to engagements, however, has not been a problem of library giving. Only about seven per cent. of Carnegie library gifts have had trouble of this kind.

The statement frequently made that Carnegie erected buildings all over the face of the earth and then left their support to the localities involved is certainly true; that was the essential motive in his programme. It was his boast, not that he founded libraries but that he compelled the people to found them. "I do not wish to be remembered," he once said, "for what I have given, but for that which I have persuaded others to give." He sometimes referred to his library structures as "bribes." By dangling before the popular eye a neat and commodious building he tempted the authorities to do their duty. His "deals" with mayors, boards of aldermen and the like afforded him a kind of canny pleasure, for America's conscript fathers, stolid and balky in the face of growing public opinion, suddenly found that Carnegie, by proposing so palpable an argument as money on the popular side, had lighted fires beneath them. His gift of \$5,200,000 to the city of New York for branch libraries brought a flood of felicitations. "Don't congratulate me," he said to a friend. "It's the best bargain I ever made. The money I have given is a small affair. See what I have compelled the city of New York to give!"—for the metropolis, in accepting this offer, had promised an annual and permanent appropriation of more than \$500,000. On

this point of making the taxpayers assume maintenance Carnegie was inflexible. To it no exception was made, even in the usually favored city. The Pittsburgh Library developed into the great Carnegie Institute, with art galleries, museums, technical schools and an endowment of \$36,000,000. An intimation was then put forth that the Institute provide the annual expenses of the library, thus relieving the taxpayers of their obligation. It was even hinted that Carnegie add to the endowment for that purpose! But this approach met with short shrift at his hands. Rather than advance four million dollars to relieve the city treasury of its burden, he wrote W. N. Frew, president of the Institute, "I would much rather throw the money into the sea. The public libraries are the property of the city of Pittsburgh and subject to the control of the city as far as expenditures on them are concerned. I have quite enough to do with other departments, as you well know. I believe now since this is all thoroughly understood there will be no further trouble between the library trustees appointed by me and those representing the city. What the former should recognize is that the city holds the purse strings. The more they can get the city to contribute for library purposes, I believe, the better for the city, but that is a matter for the Mayor and the Council to decide." From such a position Carnegie never budged. Library support was a public duty; his job was to act as an incentive to its fulfillment.

In administering his library benefactions as all the others, Carnegie adopted the system found so effective in the making of steel. Matters of general policy he formulated himself, but details were left to lieutenants. Any notion that Carnegie spent his time day after day listening to appeals for library funds, cross-examining witnesses, investigating the financial situation of applicants, and finally, after weighing the evidence, allotting the proportions, is a mistake. This kind of minutiae had never interested him in business, nor did it in the distribution of his wealth. Just as he selected tested executives for the Pittsburgh enterprises, so now he sought the indicated persons for the dissemination of his millions. His private secretary, Mr. James Bertram, naturally became the executive man in this work. Like the Braddock mills, the business of giving libraries started in a modest way, but, the

impetus once started, it grew, like all the Carnegie enterprises, at a rapid rate. In 1897, when the "business" was reorganized on new lines, there were only fourteen Carnegie libraries in two continents. The earlier gifts belonged to what Carnegie sometimes called the "retail" system; now he projected his benefactions on the more congenial "wholesale" plan. Methods adopted in this "retail" era were informal. Letters asking for buildings Carnegie would read, perhaps submit to friends who might understand their merits, and, if action seemed warranted, a memorandum would be pencilled on the back authorizing his treasurer, Mr. Robert A. Franks, to honor the requisition. No real investigation took place; Carnegie was considerably affected by sentiment, showing a disposition to act favorably upon appeals from Pennsylvania towns, or parts of Scotland that moved his romantic side. This procedure was hardly satisfactory for the wholesale largess which now began. Personal loyalties and the urgings of friends must henceforth play no part. The Anglo-Saxon world was to be sown with books, accessible and free to everybody. The time speedily came when as many as a thousand requests a year were received, investigated and acted upon. Carnegie's conviction that the everyday American and Englishman had an unsatisfied yearning for literature rested on a firm foundation. "I am now giving away libraries at the rate of two or three a day," he would write exultingly to his friends, apparently taking as great delight in these demands on his bounty as in the orders for steel rails that, in an exciting period, had kept the mills blazing day and night.

As head executive Mr. Bertram operated from two offices—half of the year from the Carnegie home on Fifth Avenue and Ninety-first Street, the other half from Skibo Castle. The usual environment of a business office—clicking typewriters, busy stenographers, filing cases and the like, accompanied this new trade. In every case, whether the matter involved was \$2,000 for a prairie hamlet or \$1,000,000 for a great city, the mechanism was identical. The initiative came, not from the Carnegie office but from the petitioner. The impression that Carnegie spent his time forcing libraries down the reluctant throats of his countrymen is misplaced: he acted only on request. Solicitations were sometimes forthcoming from officials, mayors, village presidents,

boards of aldermen; sometimes from public spirited groups—a committee of citizens or a women's club; sometimes from a solitary clergyman in a mining town, or a conscientious school teacher in the back regions of the South. Each letter became "Exhibit A" in the dossier that was now established for this particular appeal, and was filed in its appropriate index-niche. The writer received a prompt response, enclosing a printed questionnaire, which he was requested to fill out and return. What was the population of the locality in question? Had it a public library? If so, a number of questions followed about its status and operation. If the request for the building should be granted what tax was the community prepared to pay for its support? Was there a library site available? "It is necessary to give explicit answers to each question," the document concluded, "as, in the absence of such, there is no basis for action and the matter will be delayed pending further communication." If the replies were direct and satisfactory, quick action followed from headquarters. A site having been provided and the required amount for support having been pledged, usually amounting to two dollars a head of population according to the latest Federal census, an appropriation was made by the Carnegie office. As the building progressed, requisitions endorsed by the legal authorities were sent to the Home Trust Company in Hoboken, and duly honored. On one point Carnegie was firm: the locality must not exceed his stipend; if it did so it must make good the deficit. Carnegie gave only what was pledged; any other system in an "overturn" so great as this department reached would have resulted in chaos. A leading women's college, which had received a liberal amount, exceeded the allotment and asked for another check. This institution remained in Carnegie's black books for the rest of his life. Another way of acquiring dislike was to use the appropriation for an ornate building and provide inadequate facilities for handling books. To prevent abuses of this kind Mr. Bertram insisted on inspecting and approving plans. A pamphlet was prepared and sent to applicants containing suggestions, which increased in value with successive editions. There was no requirement that a particular sketch be adopted, and local architects were given free scope; no money could be obtained, however, unless the scheme met the approval of the Carnegie

office, which maintained that, while a pleasing exterior was not undesirable, first emphasis should be laid on a structure as a convenient working library.

In all these negotiations Carnegie played a supervisory part. On one point he was inflexible: no personal interviews were granted. Awards were made solely on the basis of ascertained facts. In the early stages the man chiefly concerned kept in the background; not until the matter reached completed form was the appeal submitted for his consideration. Requests became so numerous that Mr. Bertram assembled them in groups. Occasionally he would walk into Carnegie's room, his arms full of papers.

"Here are forty or fifty more libraries, Mr. Carnegie," he would say. "They need your O. K."

Carnegie would look up, perhaps from a newspaper he was reading.

"Have you examined them all, my boy?" he would ask.

"Yes."

Carnegie would peel a few from the heap and ask penetrating questions. This test having shown that the preliminary work had been thoroughly done, he would wave the others away.

"All right, go ahead with them." And the stipulated number of buildings would presently take the form of brick and mortar.

For fifteen years Carnegie conducted his library campaign, in 1911 the Carnegie Corporation, to which the bulk of his fortune had been transferred, taking the burden off his hands. The latest statistical survey, made in 1919, catalogued 2,811 "Carnegie Libraries," representing an expenditure of over \$60,000,000. Of these, 1,946 were built in the United States, at a cost of practically \$45,000,000. The rest were given to Canada, the British Isles and other English-speaking countries.* It may fairly be said that the sun never sets on Carnegie libraries; a map of the United States, dotted with these institutions, alone gives a graphic comprehension of their extent; certain commonwealths, such as New York and the Northwest, become almost an uninterrupted mass of black. They are found in the remotest sections of England, Scotland and Ireland; they rise in the clearings of New Zealand and Tasmania,

**A Manual of the Public Benefactions of Andrew Carnegie*, compiled by the Carnegie Endowment for International Peace, 1919.

and bring solace to marooned English-speaking men and women in the Fiji Islands and Mauritius. It has been estimated that libraries erected by Andrew Carnegie provide reading matter daily for 35,000,000 Americans. Buildings not a product of his bounty perform the same service for 24,000,000. Many in the second category are indirectly Carnegie's creation, for they were built by independent communities at their own expense in response to a public demand which, in itself, was inspired by Carnegie's example.* These figures must comprise the greater part of the country's English-reading population. The task of bringing books to every man, woman and child has apparently been fulfilled. This was accomplished without coddling, for the larger part of the expenditure, as already explained, the taxpayers have assumed. By his unique and deliberately planned system of "bribery," Carnegie made the public library a fixed part of the American educational system. For it is not extravagant, in view of the facts, to insist that its universality in the United States, and in all countries that speak the English language, is his work.

Whether this should be regarded as a great achievement depends upon the view one holds concerning the value of the free public library as an agency of progress, but on this point, once vigorously discussed, there is no longer much difference of opinion. No community now opposes education at public expense, and in the last twenty-five years the library has obtained similar recognition. If all the Carnegie buildings in the United States were suddenly to be wiped out by fire, there is little doubt that they would be rebuilt at the cost of the taxpayers. They have become so indissoluble a feature of American life, so pervasive an influence in its rational pleasure and enlightenment, that America could hardly be conceived of without them. Even the complaint that fiction is the main commodity is now scarcely heard. That such literature is supplied in large quantities is true; but who needs to apologize for such a taste? Most of the world's masterpieces are works of the imagination. Shakespeare's plays are fiction. The study of creative achievement, in literature, sculpture, painting, has long been recognized as one of the most productive ways of cultivating the mind. Libraries

**The American Public Library and the Diffusion of Knowledge*, by William S. Learned, page 72.

are not for information alone: they are also for diversion, like parks, art galleries and concert halls. "The tired and weary worker," said Carnegie, "is subjected to monotonous labor day after day, week after week; what is there that will brighten his existence and renew his energies equal to a masterpiece of fiction, which arouses his imagination, carries him into enchanted regions, shows him pictures that dazzle, leads him through palaces surpassing those of Aladdin, and gives him a world to revel in far removed from the world of his daily toil and cares?" Fiction is sometimes overstressed. It is, indeed, the field that chiefly attracts the adolescent mind, yet even boys and girls of high school age do an immense amount of general reading. In the sixty-seven branch libraries built by Carnegie in New York City, used mainly by young people, fiction amounts to about 56 per cent. For the most part it is of high quality, the standard classics; the cheaper and more tawdry writers apparently do not have a wide appeal. This leaves 44 per cent. for the more "solid" branches of literature—history, biography, science, economics, technical books of every type. Among adults the proportion of fiction taken for home consumption is only 36 per cent. Probably an investigation in other large American cities would show similar results. The record indicates that Carnegie's purpose, to familiarize the mind of the people with the world's finest literature, is being accomplished.

2

ON A pleasant afternoon in October, 1902, the University of St. Andrews witnessed a sight not unaccustomed in its five centuries of history, but on this occasion marked by a novel feature. The impression chiefly made by this, the oldest seat of learning in Scotland, is an aloofness from the modern world. Founded in 1411, by virtue of a Papal Bull, presided over, until the Reformation, by Catholic Bishops and Archbishops, subsequently the scene of many of the most exciting happenings in Scottish annals, St. Andrews today retains endless reminders of this medieval and ecclesiastical past. On the afternoon in question—the event being the introduction of a new Lord Rector—the general setting again suggested the vanished centuries. Volunteer Hall, from the hang-

ings on the balconies to the multi-colored garments of the gathering, was a blazing mass of red, purple and gold. The central section, composed of undergraduates in their gowns, was a scarlet flame, while on the platform the principal, in black and gold, and the Provost of St. Andrews, in gold chain and crimson and ermine robe, and the professorial company, in all possible variations of the spectrum, suggested likewise an unbroken continuity with the past. The ensuing ceremonies sounded the same note. The songs into which the students broke were "Guadeamus" and other robust Latin paeans, the principal's prayer and official utterances were in the same tongue, the mace which stood as an emblem of academic authority was the identical one that had performed this service in the Middle Ages. Though Presbyterian for more than three hundred years, town and gown had seemingly revived the period when the main attractions were the miracle working bones of the patron saint and the university was a cloister where priests and monks gathered for litanies and scholastic communion.

In this antique display there was at least one modern figure. By the side of Principal Donaldson sat the leading performer, the man in whose honor all this emblazonry had been prepared. The smiling face and penetrating eyes, taking in every detail, were unmistakable. This was Andrew Carnegie, LL.D., ex-ironmaster of Pittsburgh, now Lord Rector-elect of Scotland's oldest university. The academic body had gathered to install him in this honorable chair. Carnegie, in a various career, had filled many rôles and cherished numerous ambitions; that he might become honorary head of a great institution of learning, however, had never disturbed his dreams. In the autumn of 1901 this new dignity was assigned him, and the manner of choice was as gratifying as the distinction itself. Like everything else at St. Andrews, the proceeding had the sanction of time. The right inherent in the student body to elect their rector goes back to the Italian universities, and was thence transmitted by the Pope to the earliest foundation in Scotland. Frequently the contest is an exciting affair. The rector is chosen not primarily for scholastic attainments, the principal being the reigning executive; the purpose is to secure, as titular head, a man of light and leading, whose presence will give luster and prestige. Usually, therefore, a statesman, a man of letters, even a

mighty aristocrat, is pressed into service. Though Carnegie represented rather a new type of candidate, in his case there was no disputation. When the time came, in October, 1901, to choose a Lord Rector for the ensuing three years, the undergraduate mind turned unanimously in his direction. There was no competitor—a circumstance which naturally went to Carnegie's impressionable heart. The distinguished men who had preceded him—such figures as John Stuart Mill, James Anthony Froude, Dean Stanley—made the honor the greatest he had yet received, and anything so inescapably Scottish as St. Andrews would stir him. "I have accepted the Rectorship of St. Andrews," he wrote Morley. "I was always drawn to it somehow. So hoary with age and the quiet of monastic things of another time."

When the train pulled into St. Andrews station, the new Lord Rector and his company were dazzled by the display awaiting them. As soon as Carnegie stepped into his carriage, students rushed forward en masse, unharnessed the horses and drew the beaming new incumbent and his wife to the home of their host, Principal Donaldson. The city had assumed gala colors; the accompanying cheers, the students' songs, the addresses of welcome and the replies, were the sort of thing of which Carnegie never tired. A torchlight procession, with grotesque figures, dancing demons and pipers, was another solemnity almost as old as St. Andrews itself. The installation ceremonies the next afternoon were similarly a mixture of the ridiculous and the sublime. Though the venerable Dr. Donaldson presided, the function really belonged to the undergraduates, who had their own way of doing the honors, one of them being a flow of humorous comment on the exercises. No man's dignity was spared. Carnegie's hostility to dead languages, well known to all present, gave several openings. When Principal Donaldson rose and administered, in classic Latin, the Rector's oath, a broad Scotch voice was heard from the rear: "Oh! Jamie, why don't ye tell Andra what ye're saying?" When Carnegie, in turn, was forced to reply in the odious tongue, "Juro" (I swear), there were howls of triumphant laughter. The rectorial address was constantly interrupted. In the past, undergraduate jeers and *obiter dicta* had almost ruined the rectorial outgiving, but disturbances of this sort did not upset Carnegie's tranquillity,

his sharp eyes and ready tongue placing him on at least equal terms with the foe. Flippant aspersions on the most sacred subjects failed to arouse his wrath. "For what can war but endless war still breed?" the speaker asked, quoting Milton. "Oh, Andra, that's much waur!" came from the audience. Bishop Potter, of New York, who, with other distinguished Americans, received honorary degrees, sat next to Carnegie, and was a little shocked. He whispered his disapproval when, in the course of the Principal's rather lengthy prayer, there were shuffles of impatience. "We Scotch are on such familiar terms with God," Carnegie replied, "that we have lost all respect for him."

Carnegie had no difficulty in reading his address, a paper that had had an interesting history. The rectorial discourse is traditionally a most important event; several have become classics, and each incumbent is expected to make a special effort. Carnegie had originally prepared a lecture giving the story of his thinking in religion and philosophy, tracing his beliefs to his early Dunfermline days, the Unitarian teachings of his mother, the Swedenborgian exhortations of his aunts, his reading of Spencer and Darwin, the lessons derived from Matthew Arnold and other friends. His treatment was reverent, but the conclusions, from a theological standpoint, most unorthodox. The essay is one of the most delightful of Carnegie's writings, and his strictures on dogma, his insistence on the inner light as the one sure guide to religion and right living, would shock few people today. When the proposed address was sent to Dr. Donaldson, according to custom, it elicited a gentle veto. The Principal was not a hidebound doctrinaire, but the times were unsympathetic. Scotland was undergoing one of its theological excitements, and Carnegie's thesis, his critic believed, would add fuel to the disputatious flames then wasting the country. As a matter of policy the thing would never do! Consequently this illuminating oration has never been published. Carnegie immediately set to work again, on quite a different subject and far removed from the atmosphere of St. Andrews, for it took the hearers directly into the heart of the modern world. At this moment the "American Peril"—the threat to Europe presented by the stupendous industrial march of the United States—was an overhanging nightmare in Great Britain. Carnegie had already written on this subject, and

now he came forward with his cure. The future would disclose that it was not a matter of the United States competing against Great Britain or Germany or France or Italy; the Republic would grow so rich and powerful that it would be itself one unit, with the combined European continent as the industrial rival. There was only one way in which Europe could survive: that was by a political and economic federalization, on the American model. Thus in his St. Andrews vaticination Carnegie offered that same solution for European problems advocated by distinguished statesmen of the present age. His central principle was essentially the one intimately associated now with the name of Aristide Briand. "Such are the chief contrasts between the two continents and their effects bearing upon industrialism," said Carnegie in 1902. "What must Europe do to dispel them? There is only one answer. She labors in vain until she secures some form of political and industrial union, and becomes one united whole, as the American Union is in those respects, for this is the only foundation upon which it can contend against America for the trade of the world." What was to become of Great Britain? Her destiny lay with the United States, of which she was kin, and not with Continental Europe, to which she was alien. The idea that Great Britain might control the future by federalization with the Dominions Carnegie dismissed in a phrase: "The union of the Empire would not change the situation, for neither Canada nor Australia, unfortunately, gives promise of much increase either in population or in industrialism." If Carnegie were alive today he would probably say that the thirty years elapsed since this sentence was penned have not disproved his forecast.

An uncongenial subject, one might think—too much a beating of the American tom-tom—for an address to the youth of Scotland, but plain speaking on these lines caused no heartburnings. At the next rectorial election, in 1904, Carnegie was unanimously chosen for a second term. Thus for six years he was the titular head of St. Andrews, and none of his dignities gave him greater delight. "I feel the wrench," he wrote Principal Donaldson in 1907, when his service came to an end. "It was a source of continual pleasure to me, my official connection with St. Andrews. How could it be otherwise? . . . Madam was also captivated by the old, venerated

town, which our kindest of hosts made so charming . . . Well, why repine? Haven't we got you and Mrs. Donaldson as friends, firm and true, and are we not to have our Principals' Week every year?"

Perhaps the pleasantest of his duties as rector were performed, not at St. Andrews but in Philadelphia. In April, 1906, the American Philosophical Society commemorated the second centenary of the birth of Benjamin Franklin, who, in 1759, had received the LL.D. degree from St. Andrews. The preceding summer, at Principals' week, one of the most popular guests had been Miss Agnes Irwin, Franklin's great-granddaughter, Dean of Radcliffe College, Harvard. As part of the St. Andrews contribution to the Franklin observance, the Senatus decided to confer an honorary degree—the same her ancestor had received—on Miss Irwin. In due course the parchment was sent to Carnegie. It was a distinction she merited for her own achievements in education, and the honor was so appropriate to the Franklin bi-centennial that Carnegie called it an "inspiration." The evening when, donning his Lord Rector robes of purple and red, Carnegie draped the St. Andrews hood on Miss Irwin's shoulders, was one of those colorful personal triumphs when he appeared at his best.

3

THERE was every reason why Carnegie should receive these honors, for by this time he had become perhaps the most influential force in Scottish education. He had recently given \$10,000,000 to the four universities—the largest endowment ever made for education by a private person, not only in Great Britain but in Europe. The benefaction came at a critical moment. For many years the universities of St. Andrews, Aberdeen, Glasgow and Edinburgh had found difficulty in keeping abreast of modern progress. The trouble was the one that hampered so many venerable institutions in the old land—the absence of "siller." The genius of Scottish youth for "cultivating learning on a little oatmeal" had passed into a proverb. The truth is that he was frequently supported by supplies of potatoes, cheese and other fare sent from a lonely croft, where the family practiced self-denial in all forms to keep a promising son at his studies. Apparently the hardships were proving in-

creasingly severe, for the male attendance at the universities, from 1890 to 1900, had shown a falling off. Only the admission of women students had kept the total enrollment fairly uniform. An American, accustomed to the outpouring of money from private sources to public use, is astonished at the parsimony with which the rich men of Great Britain have treated their worthiest foundations. A student at a Scottish university had been described as the "loneliest man in the world." He lived in rooms, sometimes cramped and wretched, far removed from academic quadrangles, untouched by the interests and exhilarations that normally accompany undergraduate existence. Anything resembling the days of varied charm in an English university was unknown. In Scotland the four institutions were not preserves of the upper classes, fed by richly endowed public schools even more exclusive than themselves; their character was popular. The sons of the Scottish aristocracy were usually educated at Oxford or Cambridge, St. Andrews and its fellows being left for ambitious scions of the middle classes and of humbler folk. In more serious respects than the lack of "hostels" the Scottish universities had been neglected. Their instruction was largely in time-honored faculties—Latin, Greek, theology, medicine, law; in the expansion that had marked modern education they had played little part. The zeal for learning, however, had been kept alive. Few names stood higher in medicine than Bell, Hunter, Simpson and Lister—all the product of Edinburgh University. The century had displayed few greater physicists than Lord Kelvin, whose training had been obtained at Glasgow. Despite these eminent scholars the fact remained that, compared with the universities of England, Germany and America, those of Scotland, so far as equipment was concerned, were falling behind. One authority declared that \$7,500,000 was immediately needed to reorganize them on modern lines. "The necessary endowment is not likely to be obtained from the State. If an adequate appeal is made it will surely not be made in vain. But if it fails, the fate of these institutions is sealed. They may drag on for many years of inglorious life, giving second-rate degrees to second-rate students. But they will have lost their place in British education and the national life of Scotland."*

*The Scottish University Crisis, *Fortnightly Review*, December, 1900.

An article on this subject in the *Nineteenth Century* for January, 1897, had attracted considerable attention. The author was Thomas Shaw (afterward Lord Craigmyle) of Dunfermline, Carnegie's fellow townsman and friend, a man who, after a struggle, had risen to high position as barrister and politician and who, at that time, was the representative of Hawick District in Parliament. His paper passed in review Scottish education for the preceding three hundred years, in all departments, from primary grades to universities. It called upon the spirit of John Knox to witness how far Scotland had fallen from the high estate he had himself proposed in the sixteenth century. Knox, it appeared, had devised a comprehensive educational scheme, "for the comfort of the commonwealth," not unlike the one which Thomas Jefferson afterward elaborated for Virginia. The social status of students was not to be considered. "For this must be cairfullie provideit," Knox wrote, "that no fader, of what estate or condition that ever he be, use his children at his awin fantasie, especially in their youth-heade; but all must be compelled to bring up thair children in learnyng and virtue . . . The riche and potent may not be permitted to suffer thair children to spend thair youth in vain idilnes, as heirtofore thei have done." First a schoolhouse should be established in every parish, in which all children, rich and poor, could be taught reading, writing and the rule of three. The next step may be set forth in Knox's words. The State overseers were to determine whether "the children must eather proceid to farther knowlege, or ellis thei must be sent to sum handicraft, or to sum other proffitable exercise . . . We think it expedient, that in everie notable toun, and especially in the toun of the Superintendent, there be erected a Colledge, in which the Artis, at least Logick and Rethorick, togidder with the Tongues, be read be sufficient Maisteris, for whome honest stipendis must be appointed; as also provisioun for those that be poore, and be nocht able by them selfis, nor by thair freindis to be sustened at letteris, especially suche as come frome Landwart [the rural districts]." Again insistent emphasis on the democratic integrity of the plan! For the ultimate stage the institutions already existed. The universities of St. Andrews, Aberdeen and Glasgow, founded in the fifteenth century, and Edinburgh, established in Knox's own time, were to welcome those who, in the secondary

schools, had been found "apt to letteris and learnyng," and receive that final endowment that would make them valuable leaders in Church and State. "May thei not (we meane, neathir the sonis of the riche, nor yit the sonis of the poore) be permittid to reject learnyng, but must be chargeit to continew their studie."

For three hundred years this system had remained the Scottish ideal. The first chapter—elementary education in every parish—had been achieved, and as a result the training of the masses in Scotland had for generations put that of England to shame. The second provision had been largely realized in Mr. Shaw's own time, for, in the last quarter of the nineteenth century, high schools and academies had sprung up, well fulfilling the task of giving preparation for the universities. Education, up to the portals of these latter institutions, was thus available to the worthy children of Scotland. But the universities presented a more difficult problem. The cost, both for fees and maintenance, was, in Mr. Shaw's opinion, beyond the capacity of the ordinary Scottish family. A large number of "bursaries"—what in America are called "scholarships"—had been provided by pious founders in the past, but these were inadequate to accomplish what Mr. Shaw portrayed as the popular desire—free instruction for every boy and girl qualified to receive it. Under the terms of the Education Act, recently adopted, about \$340,000 had been set aside for such educational use as Scotland might suggest. The proposal was now made that part of this money be devoted to paying the tuition of young men and women at the Scottish universities. Mr. Shaw's proposal was one for the total abolition of academic fees, and he estimated that \$75,000 or \$100,000 a year would make this possible.

Carnegie read the article and was impressed, but nothing came of the matter at that time. In the next four years, however, the Scottish universities became more and more a pressing question. In the spring of 1901, Carnegie, having by this time secured his great fortune in investment form, decided to act on Mr. Shaw's proposal. "How much money do you need?" he asked his Dunfermline compatriot. "Five million dollars," Mr. Shaw replied. This capital sum, yielding an income of \$250,000 a year, was much in excess of the amount suggested in the *Nineteenth Century*, though, as developments presently disclosed, it was not enough to

accomplish the reform which Mr. Shaw regarded as the chief need of Scottish education. Carnegie immediately consented to set aside \$5,000,000 in United States Steel bonds for this great purpose. But the undertaking was not such smooth sailing as expected. Mr. Shaw's belief concerning the thing needed to reconstitute the Scottish universities was not unanimously accepted. Carnegie promptly discovered that the proposal for universal remission of fees was arousing much unpleasant discussion. In a brief time, indeed, Scottish public opinion sharply divided into two camps. Carnegie consulted such men as John Morley, Arthur J. Balfour, Lord Balfour of Burleigh, at that time Secretary for Scotland, and the Earl of Elgin, to mention only a few, and most of these leaders in British public life took issue with Mr. Shaw. The greatest need of Scottish education, they asserted, was not free tuition, though upon this scheme, properly restricted and safeguarded, they looked with no hostile eye. But any plan such as the blanket payment of all fees, irrespective of the students' need, they regarded as unwise. Money for the universities could be used to much greater advantage in improving equipment, erecting laboratories, libraries, residence halls and other buildings, in establishing new professorships and lectureships, and making provision for scientific research—in a word, in transforming the ancient foundations of Scotland into twentieth century seats of learning. Perhaps Mr. Arthur J. Balfour (afterward the Earl of Balfour), at that time First Lord of the Treasury in the Salisbury Cabinet, a few months later to become Prime Minister, had the greatest influence upon Carnegie. His attitude is clearly brought out by a letter written while the Scottish Universities Trust was taking form:

From Arthur James Balfour

10 Downing Street,
Whitehall, S. W.

May 21st, 1901.

MY DEAR MR. CARNEGIE,

I was very sorry not to be able to stay till the end of the meeting on Saturday. But I wish to put on record my gratitude as a Scotchman for your splendid generosity, which is, so far as my knowledge goes, on quite an unexampled scale. As regards that part of it

which deals with University fees, I do not propose to say anything at this moment, and until I have had time for a little further consideration. But as regards that part of it by which the adequate equipment of our scientific teaching would be permanently secured, I must express myself at once. The subject is one which has pre-occupied me for years, and I have been amazed, and almost ashamed, at the indifference with which the British public has acquiesced in the wholly inadequate provision which we make for scientific teaching and research, and this is not merely in the Scotch universities, but at Oxford, Cambridge and other great historic places of learning as well. According to my view (which I think you share) we ought to regard our Universities not merely as places where the best kind of knowledge already attained is imparted, but as places where the stock of the world's knowledge may be augmented. One discovery which adds to our command over the forces of nature may do more for mankind than the most excellent teaching of what is already known, absolutely necessary to national welfare as this latter is. And yet for sheer want of money our provision both in the department of teaching and that of research is deplorably deficient. It gives me intense gratification to think that, so far as Scotland is concerned, this wretched state of things is now, through your liberality, to be brought to an end . . .

Believe me,

Yours sincerely,

ARTHUR JAMES BALFOUR

That was one of the most important letters Carnegie ever received, for it not only influenced him in the establishment of the Scottish Trust, but had much to do with the creation of the Carnegie Institution of Washington. Carnegie had little sympathy with the cry that the payment of fees would "pauperize Scottish youth," but the other assertion, that the universities needed help for new equipment and research, was not one to be ignored. The dispute was reaching disagreeable proportions, the two sides to the controversy even hurling epithets at each other, the scholastic advocates referring to the proposal as a "curse" rather than a blessing, the champions of the original idea describing the enemy as "autocrats" and "tories" totally lacking in sympathy for the

yearnings of Scottish boys and girls, when Carnegie quieted the hubbub by suggesting a "compromise"—a "compromise" of an unusual kind, but in keeping with his large-handed way of doing things. He would carry out to the full his first plan of giving \$5,000,000 for the payment of fees—not for the "abolition" of fees, for that conception was unsound, but for a fund to pay the class expenses of such undergraduates as should apply for exemption. To this another \$5,000,000 would be added, the income of which was to be used for expansion and research on the lines proposed in Mr. Balfour's letter. Thus was created the Carnegie Trust for Scottish Universities, which began its existence in June, 1901.

The Board comprised many of the most eminent men in Scotland. There were three prime ministers, past and prospective, the Earl of Rosebery, Mr. Balfour and Sir Henry Campbell-Bannerman, and such leaders in public life and science as Lord Kelvin, James Bryce, John Morley, Richard B. Haldane, Lord Balfour of Burleigh, while representation of the four universities and certain Scottish cities was provided for. In after years other distinguished men, such as Herbert H. Asquith, A. Bonar Law, Sir Joseph J. Thomson and Sir James M. Barrie have served as trustees. The Earl of Elgin became the first chairman, and Sir William McCormick the first secretary. The meeting, in the Scottish Office at Edinburgh, for definite organization, was a memorable affair. One section in the deed, which caused considerable discussion at the time, marked a forward step in the administration of public funds. After reciting the specific ends to be served, a concluding paragraph stipulated that if, at any time, new conditions should require new regulations, the trustees, by a two-thirds vote, could modify them. Carnegie did not propose that any "dead hand" should hamper the trust in years to come. He regarded this paragraph as so important that one of similar bearing was inserted in all the foundations which he subsequently created. At the present moment the world is full of trusts held rigidly to conditions laid down by their makers years and centuries ago, many of which are now outgrown, the need no longer existing for the purpose they had in view. At the meeting, this sentence giving flexibility to the trust aroused some misgiving.

"I do not like that, Mr. Carnegie," said the Earl of Elgin. "I

want to be told, as a trustee, what I am to do, and then, if I do it, I do my duty."

Carnegie turned to Mr. Balfour.

"Mr. Balfour, I have not known a man in any country who could legislate wisely for the next generation—and I have seen people that did not make a very great success in legislating for their own."

Mr. Balfour smiled. "That is true," he said. As to the clause in question he added: "It is the wisest provision I have ever seen included in a trust deed."

Carnegie was in the best of humor after separating himself from this considerable sum. As the meeting broke up he approached the other Balfour present—the one of Burleigh. "This reminds me of a Sunday school collection," he said. "Each scholar has to quote an appropriate text. Number one toddles forth, puts down a dime with 'Blessed is he that considereth the poor.' Number two with 'The Lord loveth a cheerful giver.' Then comes number three, puts his dime in and solemnly quotes his text, 'A fool and his money are soon parted!'"*

4

SINCE its establishment the Universities Trust has contributed not far from \$15,000,000 to higher education in Scotland, at the same time keeping its endowment intact—indeed substantially increasing it. Roughly half of this has gone to meeting the cost of instruction, and half for general university development. The only matter causing any difficulty has been the payment of fees. The trouble anticipated from the beginning about this provision has been justified. An unhappy feature of the early discussion was the constant use of the word "abolition." Mr. Shaw's conception was the utter obliteration of this aspect of education in Scotland. Merely from a financial standpoint the proposal embodied a false principle—that of the appropriation of a fixed sum to meet an unknown and undeterminable obligation. The plan of "abolition" was not adopted, yet, despite all precautions, the early announcement promised more than it proved feasible to perform. Instead of paying at one swoop the tuition bills of undergraduates, each member desir-

**Letters to Isabel*, by Lord Shaw of Dunfermline, page 170.

ing to profit by this clause was required to make application and give satisfactory evidence of fitness. Nothing was said about financial status and no inquiry was made on that subject; to force the candidate to plead poverty, to say that attendance would be impossible without aid, was regarded as submitting him to an unpardonable humiliation. On the other hand it was taken for granted that any boys or girls who came from families able to pay their college expenses would not appeal for the remission Carnegie had in mind. Any student, therefore, who, in the early days, asked to have his class expenses paid, received this favor as a matter of course. Irrespective of other evils—and they were unquestionable—this policy soon proved an insufferable strain on the endowment. The number of students, especially women students, grew considerably larger, and the universities increased the price of tuition—another item which had not been foreseen. The readiness with which thousands of students accepted aid, though able to stand the cost of their education, could not but have an unfortunate influence on character. (This unpleasant manifestation of human nature, however, has been considerably offset by the fact that many students, after graduation and successful establishment in life, have repaid the money advanced.) John Knox, in the quotation already given, had succinctly expressed Carnegie's views. "My desire," Carnegie wrote, on June 7, 1901—and a copy of this letter was presented to every student who benefited from the Trust—"has been that no capable student should be debarred from attending the university on account of the payment of fees." Compare this with Knox's sentence covering the same point: "Also provisioun for those that be poore, and be nocht able by them selfis, nor by thair freindis, to be sustened at letteris, especiaillie suche as come from Landwart." In the early days about seventy per cent. applied for exemption, the total amount asked presently exceeding the income available for this purpose. Modifications have become necessary, but these changes do not contravene the principle Carnegie originally laid down. In order to obtain free classes now, the student must sign a paper declaring that he cannot enter the university unless his fees, in whole or in part, are paid. An identical affirmation is required from parent or guardian, and, in addition to this, circumstances are made a subject of inquiry. The changes work

no injustice, but serve as a protection to ambitious boys and girls who really stand in need.

In the matter of breathing new life into the Scottish universities, the Carnegie Trust has been a great success. What was, in its earliest form, an ill-considered scheme for freeing students, rich and poor, from the inconvenience of paying for instruction, speedily developed into a plan for bringing these ancient seats of learning in line with the highest educational standards. It is no exaggeration to say that, except for Carnegie's appearance at a critical moment, St. Andrews, Glasgow, Aberdeen and Edinburgh would have been hopelessly handicapped. "At the present time," St. Andrews officially said in 1910, "the University has a larger number of students and is doing a greater variety of work in all departments of study than at any period in its history." Its sister institutions could make the same statement, and the part played by Carnegie in bringing about this new order is everywhere gratefully acknowledged. An American can hardly appreciate what \$250,000 annually distributed among four Scottish universities can accomplish. These homes of learning had gone on for three or four centuries, expanding little on the material side. The venerable buildings originally erected are still doing service; beautiful structures they are, and indispensable mementoes of a splendid past, but only at rare intervals had additions been made.* Money goes much further in Scotland than in most countries, and for \$50,000 or \$100,000 an architecturally attractive and serviceable library or hall of residence can be provided. And all the universities have augmented their resources in this way. The money for these developments is distributed for five year periods. At the beginning of each quinquennium a committee visits the universities, examines the outcome of previous appropriations and makes a survey of needs for the ensuing period. As a result new professorships and lectureships have been endowed, especially in modern fields—economics, chemistry, engineering, European languages, literature and history—so that no longer is it true that St. Andrews and its sister institutions too exclusively confine their interest to Greek, Latin and theology. Everywhere libraries have been built and

*An exception must be made for Glasgow University which, in 1870, was entirely rebuilt.

strengthened, and scientific laboratories established for teaching and research. Improvements that add to the amenities of university existence are particularly in evidence. Playing fields are now a regular feature of undergraduate and student life; unions—essentially clubs, fulfilling a purpose not unlike that of fraternity houses in America, except that they are not exclusive in membership—make possible that personal association so vital to humane development; “hostels”—or halls of residence—are more and more, as years go on, transforming the Scottish student from an isolated unit, living in solitary lodgings, into a contented member of the academic family. The time can be foreseen when the Scottish university will be able to house its entire body, an ideal made possible not only by Carnegie’s benefaction but by gifts of fellow millionaires who have been inspired by his example—for not the least desirable effect of the Trust has been to loosen the purse strings of others, so the reproach that British rich men treated their institutions shabbily, true enough a quarter century ago, is not so justified at the present time.

Perhaps the greatest achievement, however, is the encouragement of scientific and scholarly research. Mr. Balfour’s letter to Carnegie, printed above, could not be written today. The Carnegie Trust, in thirty years, has endowed more than a thousand fellows and scholars, whose work has covered most fields of knowledge and is held in the highest esteem in all centers of learning. That Scotland was full of scientific talent, history has shown: but, until 1901, such men and women—for women have figured brilliantly in the work of Carnegie scholars—were obliged to toil under discouraging conditions. Now exceptional students are financed for one, two or three years, given an income that supports them in comfort, provided with laboratories and other facilities, and thus made free to develop their ideas. The testimony is general as to the value of their contributions. They fill professorial chairs in the leading universities of Great Britain, United States, South Africa and other countries, as well as head the research departments of great commercial institutions. The extent to which the foremost American universities—Harvard, Yale, Princeton, Cornell—have drawn upon scientists trained by the Carnegie Trust is especially significant. Indirectly this benefaction is performing one of the

ends its founder regarded as so important: it is quietly doing its part in bringing together the English-speaking countries. That intellectual communion which is one of the most effective means of promoting international good feeling is a happy by-product of the more definite labors in which the Carnegie Trust is engaged.

Chapter IX

IN THE DOMAIN OF PURE SCIENCE

1901

CARNEGIE'S work for science was not limited to his native country; already an American foundation of the same kind, but on a greater scale, was under consideration. Mr. Balfour's opinion, "It is to science that we have to turn for the future progress of the race," constantly occupied his thoughts. The dawn of the new century was a propitious time. That the preceding hundred years had unfolded more of nature's secrets than the preceding five thousand was a theme on everybody's lips, and the possibilities lying before the approaching era seemed boundless. Anyone who really aspired to help the human family could hardly find a more fruitful field, and that Carnegie's plans would take definite shape in this form might therefore be assumed. The outcome was the "Carnegie Institution of Washington," an enterprise which is best appraised in the words of Sir Robert Ball, Lowndean Professor of Astronomy at Cambridge. "In the history of the world there has never before been so efficient a force for the advancement of knowledge."*

"To encourage in the broadest and most liberal manner investigation, research and discovery and the application of knowledge to the improvement of mankind." Such is the comprehensive purpose of this organization, as set forth in the charter. Carnegie's original scheme, however, had been something quite different. The summer of 1901 was a full one at Skibo. An especially welcome visitor was Andrew D. White, former president of Cornell, then American

*Letter from Sir Robert Stawell Ball (1840-1913) to R. S. Woodward, January 5, 1912.

Ambassador to Germany. An institution of higher learning, established on the banks of the Potomac, had been a matter of debate for more than a hundred years. George Washington had pressed it in his first message to Congress; references to the National University frequently occur in his official and private papers; and in his will a parting injunction was laid upon his countrymen. From this time forward the suggestion periodically appeared in presidential messages, and for a considerable period before 1900 certain organizations had kept the issue alive. Dr. White's earnestness made a strong impression on Carnegie, and the prospect was a tempting one that now, more than a century after Washington's death, a Scottish immigrant boy who had attained vast riches in the nation Washington founded should fulfill his dearest aspiration. But Carnegie had a practical as well as an imaginative side and, after due deliberation, the suggestion was dismissed. The arguments used by Washington, he believed, had lost their force. In 1789 the United States possessed few centers of higher learning, most of them poor, struggling and ill-equipped, the result being, as Washington had pointed out, that thousands of Americans obtained their education in Europe; in 1901 the nation was swarming with colleges, good and bad, and the States, nearly all of which had their own tax-supported universities, were performing the function which the first President had envisaged for the central government. An institution that would inevitably come under the jurisdiction of Congress, subject to the fluctuation of politics, did not recommend itself to Carnegie's good sense. "You suggested a National University at Washington, Washington's desire," he wrote to Dr. White. "Several have; but while this does, as you say, ensure immortality to the founder, it has hitherto seemed to me not needed, and this puts immortality under foot. . . . Don't care two cents about future 'glory.' I must be satisfied that I am doing good, wise, beneficial work in my day." "For some time," he wrote President Roosevelt, who was frequently consulted and who entered heartily into his final plan, "I have been considering the propriety of fulfilling one of Washington's strongest wishes, the founding of a university at Washington, but the conclusion reached was that, if with us today, he would decide that under present conditions greater good would result from coöpera-

tion with, and strengthening of, existing universities throughout the country, than by adding to their number. I asked my good friends, Messrs. the Hon. Andrew D. White, President Gilman and Dr. Billings, among the foremost authorities on educational matters, to study the problem and confer freely with me. The result is that I now believe a scheme has been devised which will receive the warm approval of all friends of progress, and prove a source of strength to present institutions. If established and managed as I believe it can be, our country will possess a potent instrument for discovery and invention and the pursuit of knowledge, for it aims at the coöperation of all our higher educational institutions, thus ensuring unity and effort hitherto lacking, from which I think we are not too sanguine in predicting a surprising harvest. . . . Mr. President, believe me that I am made a very happy man this day of Thanksgiving [the letter was written November 28, 1901] by the thought that I have been so favored as to be enabled to prove, at least in some degree, my gratitude to and love for, the Republic to which I owe so much."

Carnegie never more profitably displayed his hard sense than when he brushed aside these arguments that he should add to the already abundant teaching resources of America by erecting a vast collection of masonry in the Federal Capital. At the same time he revealed a rarer quality—especially rare in men whose lives, like his own, had been so largely spent in business and industry. The noblest curiosity impelling the human mind is the passion for abstract knowledge—knowledge which has no particular application, whose "usefulness" is so remote that even the discoverers cannot foresee it. The desire to know simply for its own sake, to uncover the forces governing life and the universe, is an impulse that even intellects of high order do not always comprehend; an insistence that every discovery and invention shall in some way promote the world's ease and comfort is a stumbling block the scientist has always had to combat. The emotions of a Copernicus when he conceived of the revolution of the earth, of a Galileo when his eyes, the first since creation, observed the moons of Jupiter—this is scientific zeal, an exultation so far removed from worldly considerations as to belong to the spiritual realm. "What use is it?" the observers asked Franklin, demonstrating a new scientific principle. "What

use is a new born baby?" he answered. Faraday, exhibiting his dynamo to certain members of Parliament, was pestered by the same query: "What can we do with it?" "Some time," retorted Faraday, "you may be able to tax it." That Andrew Carnegie manifested an interest in abstract truth as distinguished from any immediate purpose that might be attached to it, has endeared his name to scientific men. "You are one of the very few," wrote Professor Theodore W. Richards of Harvard, "who realizes that the world's activities of tomorrow will found their very existence upon the research of today." "An essential quality of great leaders of men," writes Dr. George Ellery Hale, Honorary Director of Mount Wilson Observatory, "is their constructive imagination which often shows itself in more ways than one. In Mr. Carnegie's case it not only enabled him to conceive of the vast possibilities of the steel industry, but also to grasp the large conceptions embodied in such of his benefactions as the Carnegie Institution of Washington. Here we have a real test of the quality of the man, a test under which a mind of small caliber would certainly break down. The odds were all against him, in view of the limitations of his early life and the intensely practical experience of later years. In my experience with organizers of industry I have invariably found that the value of research conducted for the purpose of advancing knowledge, without thought of its immediate practical application, is fully appreciated by the really great leaders, but dimly perceived, if seen at all, by less gifted men. Mr. Carnegie realized, not merely that the greatest industrial advances spring from discoveries in pure science, but that even if this were not so, the most important gift he could make to the world would be an endowment for widening knowledge."*

Carnegie liked to tell the French people that their greatest national hero was not Napoleon, as they foolishly supposed, but Pasteur, whose scientific work had laid the basis of modern medicine. He often expressed the wish, after 1901, that Pasteur were living, so that he could promote his investigations on a large scale. Among his many unheralded gifts were \$50,000 to Madame Curie for the prosecution of her work on radium, and \$120,000 to Robert Koch for his studies in bacteriology. And it was this same interest

*Personal communication.

that inspired the present endowment. The critical occasion was an afternoon in November, 1901, when Carnegie called in consultation Daniel Coit Gilman, who had recently given up the presidency of Johns Hopkins, and John S. Billings, director of the New York Public Library. The meeting took place at Carnegie's new home on Fifth Avenue, New York. The thing that the visitors afterward most vividly recalled was the keenness with which Carnegie searched their minds—the number and pointedness of his questions, his rapid appreciation of the issues at stake. The whole field of research, and the usefulness of an institution devoted exclusively to that end—an institution without teachers, without students, without pretentious architecture, erecting only such buildings as were indispensable for the investigation of stipulated problems, maintaining a staff of gifted men engaged in penetrating the secrets of nature—was thoroughly canvassed. "Mr. Carnegie," writes Dr. Gilman, "raised many hard questions: How is it that knowledge is increased? How can rare intellects be discovered in the undeveloped stages? Where is the exceptional man to be found? Would a new institution be regarded as an injury to Johns Hopkins, or to Harvard, Yale, Columbia, or any other university? What should the term 'knowledge' comprise? Who should be the managers of the institution? How broad and how restricted should be the terms of the gift? These are only examples of the perplexing questions which presented themselves to one who was not anxious for fame; not devoted to a hobby; not inclined to impose limitations, but who had an eye single to the good of his adopted country, and through our country to the good of the world."*

At this meeting Carnegie informed Dr. Gilman that he was expected to become president of the proposed foundation. Dr. Gilman was then seventy years old; his active career, he believed, was finished; but his letters show how eagerly he accepted the new job. "As you told me that you were watching the papers," he wrote his family circle at Norwich, Connecticut, "you have doubtless learned all there is to be told of the plans of the C. I. of Washington—and of my connection with it. This is the best opportunity for usefulness that has ever come to me, and it makes me feel as if I were forty once more. I see so much to do, and am so happy to be

**The Life of Daniel Coit Gilman*, by Fabian Franklin, pages 392-393.

a part in the doing.”* The original endowment was \$10,000,000; this has been increased by subsequent gifts, from Carnegie himself and from the Carnegie Corporation, and the total resources now amount to \$30,000,000. Dr. Gilman served as president for two years, being succeeded, in 1904, by Robert S. Woodward, who presided over the Carnegie Institution until 1920, when Dr. John C. Merriam became the third president.

2

THE accumulation of wealth takes on a new dignity when one recalls that Carnegie's steel bonds, in the hands of his Washington trustees, have brought a vast array of hitherto unknown universes to human knowledge—some of them perhaps larger than the Galaxy of which the Solar System and the Milky Way are a part—and pushed out the circumference of space not far from 300,000,000 light years. In thoughts such as these the early struggles of the Edgar Thomson Company assume a cosmic importance of which the pioneers never dreamed. Explorations into the sidereal heavens form a department by themselves; the tiny speck of planetary dust known as the earth has been the subject of researches that already fill several hundred printed volumes. And, as this terrestrial globe is placed under the Carnegie microscope, it does not seem such a contemptible atom after all; every square inch teems with exciting interest. Its land, water and air; its mountains, rivers, valleys, volcanoes, rocks and oceans; its animal life, present and remote; its mysterious magnetic currents and radiations; the fossils that unfold the annals of a prehistoric past, and the archeological remains setting forth a forgotten human record—in making so extensive a field its own, the Carnegie Institution has indeed taken all knowledge for its province. Nor does it selfishly keep these explorations to itself. Though not educational in a teaching sense, it does disseminate a vast amount of scientific information. Bulky volumes and monographs issue in an unfailing stream for the benefit of the learned world; and the popular mind, demanding its science in more understandable form, is enlightened by lectures, radio talks, exhibitions and motion pictures, while pro-

**The Life of Daniel Coit Gilman*, by Fabian Franklin, page 401.

fusely illustrated pamphlets are regularly supplied to high schools, newspapers and magazines. A rapid examination of these "releases" shows the extent of the territory covered. There is hardly any quarter of the earth where studies are not going on, where Carnegie laboratories or stations are not established, or where scholars working under its direction are not chasing to their lair the scientific problems of the day. Equipment of expeditions proves to be a particularly fruitful field. One band is found in the Grand Canyon of the Colorado, disclosing the fossil remains of fifty million years ago; another is at work in the Aleutian Islands, seeking—and finding—the remnants of the "land bridge" that primordially made one the continents of North America and Asia; another, in the dark continent, is examining the gigantic rift extending from Africa to Palestine; in Samoa and the Tortugas groups are studying the formation of coral islands and bringing to light new facts about marine life, animal and plant. One company working in Manchuria, and others exploring the Pacific coast, prove that the giant redwoods, a fragment of which is today perhaps the greatest glory of California, once grew luxuriantly all over western America and eastern Asia—an almost conclusive link in the evidence showing that the two continents were originally joined. Those huge "drifting meadows of the sea," made up of single-celled diatoms, the primary food of fish, have occupied Carnegie scholars for a generation; and specialists in earthquakes are always on the ground in India, Chile, Japan, New Zealand, Palestine and California. Certain great asphalt pools near Los Angeles have an interest for scientific zealots far transcending their commercial value; imbedded in their sticky substance are found quantities of well preserved bones—bones that have no resemblance to the coyotes and squirrels so common in the region today, but prove to have belonged to camels, tigers, elephants, horses of strange breed, huge cat-like lions, and bears mightier than any known at the present time—all creatures native to southern California of a few thousand millenniums ago. Always many obvious but still puzzling questions are under scrutiny. What is it in flowers that proves so attractive to insects? All kinds of ingenious devices are availed of to learn this secret—so far without result. Why did the whale, originally a contented land animal, take to the sea? How do green plants

absorb sunlight and convert it into chemical energy? The solution of that problem would bring in the terrestrial golden age, for it would give man, practically without effort, an infinite supply of food and power and make him absolute lord of his destiny. Sometimes special appropriations result in discoveries of practical use. President Woodward said, in 1908, that grants made to Luther Burbank for his work on cactus, cherries, plums and the like had added tremendously to the wealth of California; and war time experiments transferred the optical glass industry from Germany to America.

For the study of many of these transcendent problems elaborately fitted laboratories have been established. There is no part of the world where Dr. Charles B. Davenport's workshop at Cold Spring Harbor is not known. For twenty-five years Dr. Davenport and his associates have been accumulating data in the science of genetics—the branch that treats of creation and growth. All living animals resemble their parents, yet they are never exactly the same. These likenesses and differences concern not only physical structure but mental qualities, temperament and character. What causes the variations? To what extent are they determined by heredity and environment? What part is played by those latest discoveries of biology, the endocrine glands? The Carnegie Institution has provided extensive facilities for the consideration of such entertaining themes. There are greenhouses with multitudes of plants—for plants and flowers can answer many questions concerning growth, and even so homely a product as the Jimson weed, or the mould on a cast-off shoe, has proved invaluable to Dr. Davenport in the pursuit of biological truth; animal houses and insectaries—the house fly and the water flea have made important contributions to the lore of Cold Spring Harbor; and laboratories where, under the microscope, mysterious entities like chromosomes, hormones, gametes and the rest are being persuaded day by day to unfold their story. Here also, anyone who wishes to pry into the field of eugenics can find, in the histories of 9,000 American families, and in studies of racehorses and blooded animals, arguments enough in favor of that practice of intelligent mating which is so generally neglected by a haphazard world.

Another department of the Institution, equally famous, is the

Nutrition Laboratory at Boston, under the direction of Dr. Francis G. Benedict. A conviction which has made rapid progress in the twentieth century is that the physical frame is largely the product of materials it assimilates in the shape of food. Such a truth might seem rather self-evident, but only in recent times has it deeply stirred the average man. About forty years ago a professor at Wesleyan University, Middletown, Connecticut, Wilbur O. Atwater, began experimenting in this unknown land; his findings on the effect of alcohol as a food still influence every debate on prohibition. When Professor Atwater died his mantle fell upon his young assistant, Francis G. Benedict, who was promptly appropriated by the Carnegie Institution and set to work in a laboratory specially constructed for his researches. Metabolism is the scientific name for his subject—a word that signifies the changes taking place in the body, its building up and its breaking down. Here again there is a great store of publications containing the results of Dr. Benedict's twenty-five years' labors. His laboratory is largely responsible for the modern vogue of the "calorie" as a measurement of food value, and the invention of a multitude of mechanical devices for registering body heat, the effects of muscular work, breathing, heart activity, temperature and other physical performances would in itself have made it immortal.

At the same time the Geophysical Laboratory at Washington seeks to learn all that can be known about the past and future history of the earth. How did it come into existence? For example, how were rocks formed? The iron ore that formed the groundwork of Carnegie's fortune—how about that and other similarly precious substances? Is there any way by which its presence may be certainly discovered? Until the creation of this laboratory geology had been a descriptive science; Dr. Arthur L. Day, in Washington, has changed it into an experimental one. Mother earth has been subjected to a process something akin to vivisection. Rocks, essentially the same as those on the everlasting hills, are now manufactured, in an infinitely smaller period of time than nature found necessary. The materials of which rocks are formed can be combined in a chemical formula, the resultant mass is then submitted to a heat and subjected to a pressure measurably the same as those experienced in evolution. In the nearby laboratory of Terrestrial Mag-

netism similarly original paths are being pursued. Nothing is so mysterious about the earth and atmosphere as its magnetic forces. The lay mind associates such phenomena with certain playthings of childhood, with electric storms, the aurora borealis, and spots on the sun; yet the scientific mind, though magnetism has long been cherished as one of the most enchanting fields, has had little definite information about its origin and laws. The Carnegie Institution is year by year piling up observations on this fruitful theme. The work has a practical importance not always present in abstruse investigation. The discovery that a piece of magnetized iron, if permitted to swing freely, will point approximately north and south, made it possible for mariners to leave their coast lines and sail the open sea. Yet the compass, important as it proved, soon manifested distracting traits. Columbus on his first voyage learned, almost disastrously, that it was not an unfailing guide. The manner in which his compass misbehaved, the "variations" that frightened his sailors into mutiny and almost caused an abandonment of the trip, is a familiar story, and, ever since, "variations of the compass" have been torments of the navigator's life. In its attempt to reduce these perturbations to something resembling order, the Carnegie Institution has covered nearly the whole globe, has established stations as far apart as Australia and Peru, studying in six thousand places on land and as many on the ocean. Its ship, the *Carnegie*, a brigantine with auxiliary power, was for twenty years perhaps the most widely known vessel at sea; no harbor was too remote to receive its visits, no part of the waters too unfamiliar and dangerous for its crew. In November, 1929, an explosion destroyed the *Carnegie* at Apia, Western Samoa, but it had practically finished its work, having sailed nearly 400,000 miles and accumulated a mass of data which has already proved of the greatest service. Many accidents, it was discovered, had not been caused by carelessness; the melancholy fact was that the captains had conscientiously followed their charts, and that these charts had been inaccurate. Until the *Carnegie*, correct magnetic observations had been impossible, for the ships themselves, built of iron or steel, had exercised a disturbing effect upon the needle. The *Carnegie's* hull was made of wood, practically all its metal work was bronze or copper—both non-magnetic—even the buttons of

the uniforms were either bone or brass. Its records have corrected several of the most travelled routes, and its stores of statistics, which it will take several years to arrange and interpret, will make the seven seas a far safer highway than before. Especially will the growing science of aviation be benefited.

Appropriately enough the Washington Institution has the deepest interest in the history of its own country. What unexplored fields exist in this department only the scholar knows. An exhaustive effort is being made to assemble hitherto inaccessible materials—materials that are necessary to a knowledge of the American past. The archives of most nations, for example, contain extensive records relating to this country, which the Carnegie Institution is assembling and publishing. Another absorbing field it has recently made its own. To the average American the history of his country and continent means something dating from the year 1492, when Columbus stumbled on a provoking mass of seacoast that suddenly ended his voyage to Cathay. The American continent, before this momentous impact, may have had a geological past—so much is granted; but few credit it with anything interesting in the human sense. Such a standpoint is purely the result of our egotism as Europeans. When John Ruskin sneered at America because it had "no ruins," he was manifesting the same restricted state of mind. That America, ages before Columbus, had civilizations and very high ones, and that, in spite of prevailing ignorance to the contrary, these civilizations have left traces in the shape of beautiful and magnificent "ruins," is something that scholars have always known. The America that was contemporaneous with Egypt, Greece, Rome and the Middle Ages—the disclosure of this unfamiliar land is as noble an occupation as one could ask, and in this work the Carnegie Institution has been engaged for several years. The result proves that the New World, after all, is a very old one. Other archeologists had made tentative efforts, but not until the Washington organization brought to bear its resources of men and money had the splendor of the riches underlying American soil been made apparent. The Pueblo region of southwestern United States is constantly disclosing new treasures, but the greatest finds are Guatemala and Yucatan—territories now known to be the forest-grown graves of dead empires, with buried cities, white pal-

aces and temples of dazzling beauty, the homes of a people who had not only established government and orderly societies, but had a written hieroglyphic language and a calendar more accurate than Europe possessed until the eighteenth century. Hardly any task could be imagined more fascinating than finding a huge, misshapen mound in the jungle, stripping it of trees, underbrush and earth, discovering under this a mass of masonry, sometimes almost hopelessly confused by the destruction of centuries, then putting the structure together stone by stone, restoring the carvings to the friezes and the statues to the ancient sites—at last producing one of the palaces or observatories or temples in which the Mayas centuries ago held court, or made their astronomical calculations, or practiced the terrible religious rites of the Plumed Serpent. The greatest triumphs so far are the excavations at Chichen Itzá, the capital of the last great Maya empire. There the "Temple of the Warriors," excavated in three years from an unpromising heap of dirt, is sufficiently restored to give a clear idea of the archeological riches of that inhumed America which the ferocious Europeans first destroyed and then forgot.

2

THE greatest achievement of the Carnegie Institution has been celebrated in verse. One of the most gifted of living English poets, Alfred Noyes, thus writes, in his "Watchers of the Sky," of Mount Wilson and its 100-inch telescope, "the noblest weapon ever made by man":

*At noon, upon the mountain's purple height,
Above the pine-woods and the clouds it shone
No larger than the small white dome of shell
Left by the fledgling wren when wings are born.
By night it joined the company of heaven,
And, with its constant light, became a star.
A needle-point of light, minute, remote,
It sent a subtler message through the abyss,
Held more significance for the seeing eye
Than all the darkness that would blot it out,
Yet could not dwarf it.*

*High in heaven it shone,
Alive with all the thoughts, and hopes, and dreams
Of man's adventurous mind.*

*Up there, I knew
The explorers of the sky, the pioneers
Of science, now made ready to attack
That darkness once again, and win new worlds.
Tomorrow night they hoped to crown the toil
Of twenty years, and turn upon the sky
The noblest weapon ever made by man . . .*

*"Tomorrow night,"—so wrote their chief—"we try
Our great new telescope, the hundred-inch.
Your Milton's 'optic tube' has grown in power
Since Galileo, famous, blind, and old,
Talked with him, in that prison, of the sky.
We creep to power by inches. Europe trusts
Her 'giant forty' still. Even tonight
Our own old sixty has its work to do;
And now our hundred-inch . . . I scarcely dare
To think what this new muzzle of ours may find.
Come up, and spend that night among the stars
Here, on our mountain-top. If all goes well,
Then, at least, my friend, you'll see a moon
Stranger, but nearer, many a thousand mile
Than earth has ever seen her, even in dreams.
As for the stars, if seeing them were all,
Three thousand million new-found points of light
Is our rough guess."*

This was the department of the Institution in which the founder took the greatest pride. Astronomy, from his earliest days, had exercised on Carnegie that magic spell which it has always wielded over imaginative minds. A new observatory, built on a high and cloudless mountain in southern California, equipped with laboratories and instrument shops and with telescopes capable of penetrating the furthest reaches of space—nothing in the field of "pure science" entranced Carnegie like this, and for twenty years he fol-

lowed the results of Mount Wilson with an enthusiasm hardly equalled by that of the heavenly pioneers themselves. This Mount Wilson fraternity comprise a brilliant group who will rank high in the history of their science. Practically every one represents that "exceptional man" on whom Carnegie had pinned his faith. The leader, Dr. George Ellery Hale, in particular, illustrated the type of worker in whose interest these facilities had been prepared. The way of science is hard, above all for the astronomer, for his art is an expensive one; great telescopes are costly, not only in capital outlay but in maintenance. Dr. Hale's life, up to 1904, had been divided into two parts—half he spent at the observatory, pursuing his studies of the sun, and half in persuading millionaires to provide financial support. To get an object glass from one, a mounting from another, a building from a third, endowment from a variety of sources—this had proved a ten years' struggle, harrowing to nerves, disconcerting to the profitable survey of the heavens. The Yerkes Observatory, built chiefly by aid of the traction magnate whose name it bore, represented Dr. Hale's greatest triumph; over it he had presided for ten years. Suddenly Mount Wilson presented a new prospect. Greater facilities than any astronomer had ever known, relief from money worries, the opportunity to concentrate on the sky—this was the new life offered, and what it was to mean the procession of facts about the universe quickly disclosed. In five continents the attention of astronomers became centered on southern California, which quickly took the leadership in what is perhaps the most inspiring occupation of the human mind.

Until 1910 Mount Wilson had contented itself with a tube of sixty-inch aperture, the largest then known. Carnegie liked to write his friends that this telescope had brought to view at least 60,000 new suns! A favorite evening entertainment at Skibo was to exhibit these stellar photographs on lantern slides; on one such occasion Lloyd George was present. "After the display closed," Carnegie wrote Dr. Hale, "and the lights were turned up, Lloyd George, still in a daze as it were, slowly said, 'Never in my life have I been so entranced!'" In 1910 Carnegie visited the mountain where these pictures had been made. The occasion proved to be an important one, both for him and for the future of the estab-

ishment. The moon, the sun, the Milky Way, the incalculably distant nebulae—one can easily imagine the open-eyed admiration with which such splendors were discussed. Mount Wilson, he presently learned, had even more far-reaching plans. Those 60,000 new orbs were merely a suggestion of the *terra incognita* lying still further in the depths of space. Carnegie met Mr. John D. Hooker, a Los Angeles business man, who had recently given the observatory \$50,000 toward the purchase of a new telescopic disc—a splendid glass, cast in France, with a diameter of 100 inches. At the moment there seemed little chance that this enormous instrument could soon be pointed at its goal. A circular expanse of glass is one thing; after polishing and shaping it, producing a reflector, to erect the equatorial mounting and a dome-shaped observatory building equipped with photographic apparatus, spectroscopes and other necessary mechanisms, to provide an endowment that will assume its charges year after year—that is quite a different matter. What would all this cost? Carnegie asked. At least half a million dollars—this to put the new glass in position, to say nothing of maintenance. Carnegie, impatient as ever, insisted that the Institution take on the burden. Dr. Hale replied that the Carnegie Institution had treated Mount Wilson most generously for years; it had nine other departments to support; under the circumstances it could not conscientiously be asked for increased appropriations. “I hope,” was Carnegie’s parting word to Mr. Hooker, a man about his own age, “that this telescope will be working in our time.” On January 19, 1911, his Washington trustees received one of his brief letters. He had decided to add \$10,000,000 to the endowment. The letter showed the activity he had chiefly at heart in thus doubling his gift. “I hope the work at Mount Wilson will be vigorously pushed, because I am so anxious to hear the expected results from it. I should like to be satisfied, before I depart, that we are going to repay to the old land some part of the debt we owe them by revealing more clearly than ever to them the new heavens.” This final happy phrase, “the new heavens,” Dr. Hale adopted as the title of his book, published fifteen years afterward, in which certain accomplishments of the Hooker telescope were described.

There was an element of pathos in Carnegie’s letter. He was

seventy-five years old in 1910; he wished to live long enough to know the extent of the universe the Hooker reflector would disclose. Only in part was this hope realized; the installation proved a slow task, and the interruption of war postponed, until 1919, the investigations on which the founder had set his heart. The outcome has fulfilled all prophecies; the heavens unfolded by the Hooker instrument have been "new" indeed. Dr. Harlow Shapley, director of the Harvard Observatory, has recently said that, since 1910, the extent of astronomical knowledge has been doubled, and Sir James Jeans, secretary of the Royal Society of Great Britain, himself a research associate of the Mount Wilson Observatory, has placed the present era, in the importance of its knowledge of the universe, in the same class with that of Galileo and Sir Isaac Newton. No one would attribute all this progress to Mount Wilson, yet a large part of the information on which modern astronomy rests is derived from its researches. Carnegie's hope that America would "repay to the old land some part of the debt we owe them" has been more than realized. In astronomy the Anglo-Saxon peoples now lead; the greatest observers and discoverers are Americans; the greatest interpreters—men like Eddington, Jeans and Milne—are found in the British Isles. Einstein, when he wishes certain proofs to clinch his theory of relativity and to learn new facts about the universe, is compelled to make the long journey from Berlin to Mount Wilson.

When the statement is made that American astronomy has introduced an era comparable to that of Galileo, what is meant is that the material universe is daily assuming a new and infinitely grander form. The earliest astronomers—Chaldeans, Egyptians and Greeks—saw only the starry vault that the unaided eye apprehends. The spectacle exposed to them was the same that the star-gazing wayfarer today looks up to. That is, they had no telescope, and the 3,000 or 5,000 heavenly objects visible without mechanical assistance comprised their complete stock in trade. This limitation lasted until the time of Galileo. The two and a quarter inch cylinder which that supreme genius, on the evening of January 7, 1610, levelled at the sky, suddenly added to the store about 500,000 new points of light. By the end of the eighteenth century successive improvements on Galileo's telescope brought not far from 5,000,000

to human vision. The observational field, for the most part, was limited to the so-called Galactic system. The luminous expanse athwart the heavens known, in ancient and modern times, as the Milky Way, quickly resolved itself into a multitudinous sea of stars; gradually it was learned that the Solar System was part of the same cosmos. Practically everything that eighteenth and nineteenth century scholars could take in formed elements in this Galaxy; such was the "universe." Sir William Herschel even drew a map showing that it was shaped much like a watch, our sun and earth occupying a fairly central position; a remarkable piece of eighteenth century visualizing that modern astronomers have confirmed. The same gifted man noted another phenomenon on which his predecessors had laid little stress. Apparently distinct from the Galactic system were a few cloudy blotches resembling puffs of smoke; one, in the constellation Andromeda, could be seen by an especially acute human eye. The Earl of Rosse, in 1845, noted this and many others; he laid stress upon the fact that certain nebulae were spiral in form, and drew a picture of one, detected in the Hunting Dogs, not dissimilar to the photographs taken today. What these objects were, how distant they might be, in what way they were related to the known universe—these have been matters of speculation up to the present time. One whom the "nebulae" charmed and puzzled was the philosopher, Immanuel Kant. What if there should be other "universes" entirely distinct from the starry aggregation hitherto grouped under that title? It was a mystery on which Kant liked to dwell. "If the grandeur of a planetary world in which the earth, as a grain of sand, is scarcely perceived, fills the understanding with wonder, with what astonishment are we transported when we behold the infinite multitude of worlds and systems which fill the extension of the Milky Way! But how is this astonishment increased when we become aware of the fact that all these immense orders of star-worlds again form but one of a number whose termination we do not know, and which perhaps, like the former, is a system inconceivably vast—and yet again but one member in a new combination of numbers." Kant also declared that these remotely alien "nebulous stars" were really "island universes" or milky ways—a poetic conception, but one that

science regarded as a philosophical abstraction, undemonstrated and undemonstrable.

The Hooker telescope, in the hands of Dr. Edwin P. Hubble and his co-workers at Mount Wilson, has proved that Kant was right. But even Kant's apparently limitless imagination would have been appalled at the Mount Wilson discoveries. The California star-gazers have brought to sight, roughly speaking, 1,000,000 of these "island universes," and this is probably merely a foretaste of the possibilities awaiting still more powerful discs. Each one a Galaxy, a Milky Way of billions of stars, the nearest so distant that its light, travelling at the rate of 186,000 miles a second, takes 1,000,000 years to reach the earth, the farthest so remote that its light, now reaching the Mount Wilson reflector, started on its journey 300,000,000 years ago. The bewildered layman asks how the human mind can know such things. But uncovering the secrets of stars has become an everyday feat of the modern investigator. In certain ways he has a more intimate acquaintance with these spectral bodies than with his native earth and moon. By the recondite use of those magic wands of science, the spectroscope and the interferometer, he brings the denizens of outermost space to his doorstep. He measures their distances and their diameters, resolves them into their chemical constituents, takes their temperatures and their weight, portrays their speeds and their revolutions. Many of these celestial exploits have been performed for the first time at Mount Wilson. Here Shapley measured the distance of certain star clusters and found them more than 30,000 light years away, and applied his footrule to the girth of our own Galaxy, finding that light would take 300,000 years to dart across it. It was here that science for the first time succeeded in determining the width of a star. This is a calculation astonishing to the untutored mind. Under a telescope as powerful as the Hooker disc itself, a star has no perceptible diameter. It is nothing but a needle-point of light, yet Professor Michelson, working at Mount Wilson, has put a girdle around Betelgeuse, the most brilliant star in the constellation of Orion, showing that its width is more than 200 times that of the sun, and that, if placed in the position of the sun in the Solar System, it would occupy a space

large enough to englobe the earth and approach the orbit of Mars. The Mount Wilson scientists have disclosed similarly arresting facts about the composition of stars. They found, for example, that this same Betelgeuse is formed of a gas so tenuous that a human being, suddenly transported therein, would not realize—except for the heat—that anything surrounded him, for Betelgeuse is of more gossamer texture than the earth's atmosphere—in the earth, that is, this brilliantly gleaming outpost in the sky would be regarded as a vacuum. Per contra. Dr. Walter S. Adams, the present director of Mount Wilson, proves that a peculiar stellar object known as the Companion of Sirius has a density two thousand times greater than that of platinum, the densest object known to earth dwellers; a cubic inch weighs a ton.

Revelations like these indicate a new pathway to the physicist. Such achievements show that future studies in the constitution of matter will be made not only in terrestrial workshops but in the stars. Man painfully builds his stations on his own little sphere, ignoring, so far, the fact that the universal architect has constructed mighty laboratories in the skies. Only in those distant lands can the extreme behavior of electrons, protons, photons and the rest be watched, for only there can an environment be found that makes the study complete. We cannot keep them under the conditions of heat and pressure that is possible, for example, in the sun. Dr. Hale has pointed out that the sun's interior reaches a temperature of 50,000,000 degrees centigrade; that warmth cannot be duplicated in the laboratory. Mount Wilson, using the sun and other stars as experimental fields, has already made important contributions to the fundamental problems of chemistry. Perhaps the ultimate secrets of matter represent one of the practical goals to which all this abstract science is tending.

Already the work of Mount Wilson has changed prevailing conceptions of the universe. Enormous as is its extent, the old assumption that it was limitless is not now so confidently held. That successively larger telescopes bring into view more heavenly bodies is true, but it is also true that the ratio of increase within the Galaxy seemingly diminishes the farther they search into space. Dr. Hubble's 1,000,000 Galaxies are perhaps a considerable addition to the sidereal map: but the extension of this outer universe must

involve a thinning out as the farthest expanses are attained. As to the destiny of the cosmos—that is a matter on which Mount Wilson is offering much food for thought. The most arresting fact developed about the spiral nebulae is that they are receding from the Milky Way at incredible speeds. The lines of their spectra tend toward the “infra red,” and that, it is believed, has only one interpretation—that they are rushing away from the earth. Another similarly startling truth is that the rate of recession depends on the distance; the extremest nebulae are departing much more rapidly than those that are nearer. A comparatively close neighbor, only 7,000,000 light years away, increases its distance at the rate of 600 miles a second; one 100,000,000 light years distant increases its speed to 12,000 miles a second. These observations, says Einstein, probably contain the secret of creation. Upon them he and Eddington and Jeans base their argument for an expanding or “exploding” universe. The universe is “running down”; in a few billion years or so it will have dissipated into nothingness; the empyrean will indeed be a black and cheerless void. Whether succeeding studies will sustain this gloomy outlook is not clear, but that the work at Mount Wilson has directed philosophic ideas in new directions is apparent. History discloses that astronomy exercises an incalculable influence on thought; it is probably the most potent single force for emancipating the human mind from ignorance and superstition. That these discoveries will usher in a period of enlightenment, such as that which followed Galileo’s telescope, will perhaps, when seen in proper perspective centuries hence, be their most far reaching achievement.

Chapter X

"SWEETNESS AND LIGHT"

1895-1907

IT IS natural for men who have attained great wealth to favor their birthplaces or the communities in which their active years have been spent. That Carnegie would feel this obligation to an unusual degree might be assumed; few men have ever lived so sentimentally attached to early scenes and early friends. Two places, Dunfermline and Pittsburgh, stand out conspicuously in the development of his character and career, and both possess imposing and constructive memorials of their appreciative fellow citizen.

"The greatest event in my life has happened," Carnegie wrote Morley in January, 1903. "I am Laird of Pittencrieff, the biggest of all titles to me. King Edward not in it! It's part of the Abbey and Palace ruins at Dunfermline. The Glen, King Malcolm's Tower, St. Margaret's Shrine, *all mine!* Ask Mr. Shaw*—he'll explain my transports. He feels it, every Dunfermline child must feel it. I'm going to make it a public park and present it to Dunfermline . . . It's the most sacred spot to me on earth."

The italics Carnegie uses to emphasize his exultation should not be ignored. Nor was he alone in being stirred. The Glen was the "most sacred spot on earth" not only to Carnegie but to every Scotsman. Malcolm's Tower is the birthplace of Scottish history, and the other ruins on which Carnegie's letter dwells so lovingly go back to the time when Dunfermline was the residence of Scottish Kings. The acquisition marked a triumph, not only on historic but on personal grounds. It brought back the most inspiring recol-

*Thomas Shaw, afterward Lord Craigmyle.

lections of Carnegie's childhood, for the Glen lay almost at the doorstep of the Moodie Street home. The legendary lore it implanted in the boy had much to do in arousing that imagination which so largely accounts for the man's success, even in practical affairs. Carnegie's memories also had a pensive aspect, for this preserve, in his childhood, had been forbidden ground. Malcolm's Tower, St. Margaret's Cave, the crumbling palace of the Stuarts, the winding stream, the woods, the coverts, were not public property; they were the private possession of a kind of ogre who maintained a solitary existence in Pittencrieff House. This was James Hunt, one of those eccentric characters familiar to every town—the mortal enemies of boys. This situation was probably not exclusively the fault of the children, for Hunt, a silent, moody, unfriendly man, was on bad terms with most of the grown people as well, and the relations existing between his family and the Carnegie-Morrison clan were particularly strained. Andrew's florid-faced and brown-bearded uncle, Bailie Morrison, always a champion of popular rights, had been the main performer in the feuds that frequently broke out between the Hunts and Dunfermline. The Hunts had been Lairds of Pittencrieff for more than one generation, yet malicious rumor insisted that their origin had been humble—indeed, that the grandfather of the present incumbent had earned an honest living as a barber. Difficulties were constantly arising because the proprietors were inclined to lay claim to adjoining territory that the citizens maintained was public land. Uncle Tam commonly led the people's cause in these disputes; in one issue he fought to the highest court, and won. He was a man of unsparing and loquacious tongue, with an aptitude for epithet, and the exchange of personalities which followed kept Dunfermline entertained for years. One evening, after the court decision had gone against the owner, the two gentlemen confronted each other at a meeting of the City Council, of which the Bailie was the most controversial ornament. An exchange of compliments on this occasion pushed the Laird of Pittencrieff so hard that he publicly challenged the Bailie to a duel.

"All right," said Uncle Thomas, "I'll fight ye. As challenged party I have the choice of weapons. I'll take my faither's shoemaker's knife and you take your grandfather's razor."

The laughter that greeted Morrison's prompt acceptance did not soften Mr. Hunt's feelings toward Dunfermline or the Morrison family. He now issued an edict that no Morrison, and no Morrison connection, should ever set foot within the Glen. The malediction was to be binding upon his successors to the end of the story. It fell heavily upon the head of the wistful Andy, unquestionably a Morrison on his mother's side. Occasionally, with other boys, he would attempt a surreptitious entrance, but such expeditions almost never succeeded, for it was apparently Hunt's main occupation in life to stand as watchdog over his treasure, ready at a moment's notice to repel and chastise invaders. Thus it happened that Dunfermline boys grew to be white haired men and passed to their graves without once having stepped in the Glen, which naturally took on an atmosphere of mystery and enchantment. On the other side of the street from the Carnegie birthplace stood a fragment of the old monastery wall. Andrew as a small boy used to climb this and, looking over the top, catch the merest glimpse of what seemed the most beautiful prospect on earth.

So matters stood until September 6, 1902—fifty-four years after the Carnegie family left Scotland for their American home. On that day Dr. John Ross received a call from Colonel Thomas Hunt, son of that Laird of Pittencrieff who had closed the Glen to the Morrison connection. Colonel Hunt now asked whether Carnegie would not wish to purchase the hallowed ground and present it to Dunfermline as a park. One can imagine Carnegie's emotions when the offer reached him. To be Laird of Pittencrieff! The place from which he had so frequently been driven as a child; certainly the whirligig of time did ring in its revenges! It would be like asking an Englishman to become proprietor of Westminster Abbey. In the course of the negotiations the plan assumed a much broader scale than the one proposed by Colonel Hunt, for Carnegie had long been meditating some lasting benefaction for his old home. Here was the very thing! But the mere possession of the Glen, Carnegie thought, was hardly enough. Why not take it as the nucleus of a more comprehensive scheme—one that would bring to his beloved city many joys and advantages that could be obtained in no other way? Not only the Glen but a special endowment, the income to be used to promote the varied social well being of the people—such was the

final outcome. The letter Carnegie wrote presenting the first part of a gift that eventually amounted to \$4,000,000 eloquently describes the ends at which he aimed. "Gentlemen of the Commission," he said. "The Trust Deed, of which this may be considered explanatory, transfers to you Pittencrieff Park and Glen, and Two Million Five Hundred Thousand dollars in five per cent. bonds, giving you an annual revenue of Twenty-Five Thousand pounds, all to be used in attempts to bring into the monotonous lives of the toiling masses of Dunfermline more of sweetness and light; to give to them—especially the young—some charm, some happiness, some elevating conditions of life which residence elsewhere would have denied; that the child of my native town, looking back in after years, however far from home it may have roamed, will feel that simply by virtue of being such, life has been made happier and better. If this be the fruit of your labors, you will have succeeded; if not, you will have failed."*

"Sweetness and light"; the phrase is usually accredited to Matthew Arnold, and it was undoubtedly Carnegie's friendship for Arnold that gave it meaning in his eyes; yet the real author was Dean Swift, who used the expression to describe those amenities of urbane living that are derived from the study of ancient literature. Though this precise idea was not present in Carnegie's mind, his purpose was conceived in a similar spirit. None knew better the sordid aspects of poverty, for he had experienced them, but he had also known the mitigations that can be brought by books, music, the reading of history and polite literature, by art, flowers, parks and the contemplation of nature. Things like these were not generally provided by the civic authorities—certainly not in Dunfermline in 1903. Yet the influence they might exert in that general improvement of the masses which prompted all Carnegie's gifts was apparent. His board of trustees was selected with this principle in mind. It included not only lawyers and manufactures, as well as scholars and artists, but miners, dyers, and other representatives of the manual trades. For twenty-five years these trustees have harmoniously labored for the good of the city, according to the directions Carnegie laid down. The park, with its gardens, its museums, its playgrounds, its concerts, to say nothing

*August 2, 1903.

of its stimulating historic reminders, has become a recreation center not only for Dunfermline but for Scotland—and indeed for the world; few places north of the Tweed attract such an unfailing flow of visitors. As a result, Dunfermline, while it has lost little of its ancient flavor, is constantly alive with flowers, both in the park and in private gardens. Especial attention has been given to the development of horticulture. In season the park is a blaze of color, while household gardens are the rule, the Trust promoting them by inculcating rivalry among children as well as adults. Dunfermline now rings with music. Open-air concerts in summer—brass bands and pipe bands—are daily events; and there are symphony orchestras and organ recitals, while celebrities, instrumental and vocal, are brought from all parts of the world. As always Carnegie's personal tastes are reflected in these activities.

Branch libraries bring a supply of books to the surrounding region, and lecture courses and private entertainments make more bearable the long winter evenings. "Institutes"—buildings erected in several places as social and intellectual centers—form headquarters for much of this work, while "playing fields," gymnasiums, swimming baths and the like are improving forces on the physical side. There are country homes to which children are sent for summer vacations, and moderate sums are set aside for taking the most promising on visits to places of historic importance. Several arts of the craftsman have been brought to life again. Such vanishing occupations as wood carving, metal working and illuminated writing have been so sedulously cultivated that not only native citizens but pupils from all parts of Great Britain resort to the large craft school. Though the Trust, in the main, has made it a point to engage only in those activities which the city does not perform itself, one of its most successful functions, from the standpoint of social betterment, has been to indicate, by example, new forms of public work which can appropriately be made a charge on the rates. When the Trust began there were no provisions in Dunfermline—or indeed in Scotland—for medical examination of school children. The Trust, therefore, performed this duty—properly a civic one—with such beneficent results that the authorities have taken on the work as a governmental duty, the money released in this fashion being applied to other services which not infrequently, as their value is

demonstrated, the rate payers assume. The work in physical instruction, when started, was greatly hindered by the lack of teachers. The Dunfermline Trust therefore established a College of Hygiene and Physical Training, which has grown into an institution of the highest standing, drawing students from all parts of Great Britain, filling a need so genuine that the authorities have acknowledged financial responsibility for its support. In recent times Dunfermline, as a manufacturing town, has fallen on hard days, the weaving plants that formerly made their products familiar in all parts of the world having practically ceased to operate; all the greater the need, therefore, for that "sweetness and light" which its son has added, in a multitude of ways, to the daily lives of the people.

"What a romance!" Carnegie exclaimed, in a letter to his wife, describing his first visit to Pittencrieff as its unquestioned Laird. His satisfaction in this reversal of fortune was expressed in a characteristic manner. When the deed was formally delivered, the fact appeared that Carnegie had retained, as his personal possession, the eminence, encircled by the brook—or lyne—that gave his native place its name and containing the moss-grown ruins of Malcolm's Tower. For some reason he wanted to own these few acres himself. Perhaps he did not wish to forego the title "Laird of Pittencrieff"—the only patent of nobility he ever aspired to; so long as he held a small bit of the precious earth there remained at least a sentimental claim to the distinction. In recent years another memorial has attracted almost as many visitors as Pittencrieff. The weaver's cottage in which Carnegie was born is now preserved as a commemoration of his life. Several years after Carnegie's death, his wife erected a beautiful little museum adjoining the old home, a building that now contains a large collection of documents and honors illustrating his career. The Birthplace Memorial is essentially a part of the Park and Glen, and in itself bears testimony to that gospel of wealth which will always be associated with Carnegie's name.

2

IN JANUARY, 1897, Bishop Henry Codman Potter, of the New York Diocese, wrote Carnegie suggesting that he provide the

organ for the new Cathedral of St. John the Divine, then beginning to rise on Morningside Heights. "My dear Lord Bishop," Carnegie replied. "Anything that would bring me into closer relations with you would be worth much, but I cannot enjoy the pleasure of furnishing the great organ for the noble cathedral, which is certainly to be your greatest monument in stone, yet not so great as the record you will leave behind you for participation in every great work. I am pledged to spend two millions more in and around Pittsburgh, your starting place as it was mine. This is my cathedral work. Some day I should so like to have you go there with me and see the latent desires for higher things the Institute has called forth—music, literature, painting and the museum . . . Not less than five million dollars I shall spend in this work, as rapidly as I receive it. Just now I am a little behind in cash. Must concentrate on my Pittsburgh work."

Carnegie was modest in his estimate of the ultimate cost of his "Cathedral." The \$5,000,000 which he suggested grew to \$36,000,000 in twenty years. The date of this letter represented a troublous time in the American steel trade. Dividends were scanty; Carnegie himself was compelled to borrow money for several enterprises; yet so great was his confidence in the future that he had not hesitated to make liberal promises to Pittsburgh—promises for the fulfillment of which, as this communication indicates, the money was neither in hand nor concretely in sight. Gifts proffered during these hard times thus became mortgages on anticipated profits, and most of them, for several years, went to the great Pittsburgh benefaction, other numerous requests being brushed aside in practically the same words as those used to Bishop Potter. All his money, applicants were informed, had been preëmpted by Pittsburgh. No town probably stood in greater need of that "sweetness and light," the diffusion of which Carnegie regarded as his mission in life. To outward observers the city on the Monongahela seemed exclusively bent on the digging of coal and the smelting of pig iron. The murky pall that constantly overhung the town, and the fires that blazed so spectacularly at night, had apparently given the place its character; yet the people of Pittsburgh were human beings, not different from the rest of the American family, pos-

sessing the same tastes and aspirations. Until Carnegie gave them the chance of cultivating the more civilizing virtues they had been neglected, though his missionary efforts at first met with rebuffs that would have discouraged a less persistent and less optimistic worker.

Carnegie arrived from Scotland in the autumn of 1881, fresh from coaching excitements and full of the glow with which his gift of a library for Dunfermline had been acclaimed. That he would grant an even greater boon to his adopted city was inevitable. Almost his first act was to write a letter to the Mayor, offering \$250,000 for a library building, provided Pittsburgh would furnish the site and appropriate \$15,000 annually for support. His formula for library giving, from which he never departed, was thus applied, at this early date, to Pittsburgh, as it had been to Dunfermline. The Pennsylvania town, unlike the Scottish which had eagerly and gratefully accepted these terms, began to balk and raise legal difficulties. Pittsburgh, it was urged, had no power to appropriate money for such a purpose. Other more disagreeable animadversions followed, the suspicion, since become so stale, that Carnegie was merely "glorifying" himself, building a great "monument" to his fame, finding its way into conversation and the public press. The offer having been declined, Allegheny, where the Carnegie family had spent its years of struggle, stepped into the breach. Since Pittsburgh did not desire this money, why should not the sister community have it? The terms on which the library had been offered were entirely satisfactory to the smaller town. Carnegie was greatly pleased and at once transferred his appropriation to the more grateful applicant. A fine building, comprising not only a library, but a music and lecture hall, rapidly took form, situated not a stone's throw from Rebecca Street, and the dedication, in 1890, became a national event, the President of the United States, Benjamin Harrison, being the orator of the occasion.

Two or three months before the Allegheny Library was opened, a committee, representing the Pittsburgh Council, sought an interview with Carnegie. Would he not renew his offer? Suitable legislation had been passed and the terms could now be met.

"No," replied Carnegie, keenly relishing, as always, the dramatic

phase of the meeting. "I do not think that \$250,000 is enough for Pittsburgh. I'll quadruple the amount and make it an even million."

One man greatly displeased by this episode was Herbert Spencer, whose visit to Pittsburgh had been made when the discussion was entering the liveliest stage. Newspaper comments which he read, reflecting in unfriendly terms on Carnegie's motives, aroused his anger, for Spencer's emotions, despite his voyagings into the unknown, were intensely human. Pittsburgh, he exclaimed to Carnegie, deserved no library; an opinion that was reiterated when the second offer was made. But Carnegie only laughed at the philosophic explosion and, far from nourishing any resentment, began to add million after million to his gift. Before the library was finished he gave an endowment yielding \$50,000 a year, for the encouragement of music and art and for the foundation of a scientific museum. By 1897 his gifts—or pledges—for these several purposes had reached \$5,000,000. How great was the pleasure derived the following letter shows:

To William E. Gladstone

February 3, 1897.

MY DEAR MR. GLADSTONE,

. . . I remember you were surprised when I said that I was spending four hundred thousand pounds sterling in Pittsburgh for Library Hall, Art Gallery and Museum. The amount has grown to six hundred thousand sterling and I am pledged to make it a round million sterling before stopping.

Never in my life have I known or read of such a success as this institution. Pittsburgh is the smokiest place in the world; your Sheffield is clean in comparison. It has never been anything but a center of materialism; has never had a fine hall for music, nor a museum, nor an art gallery, nor public library, and yet the result proves that there has been lying dormant the capacity to enjoy all of these.

The Institute was opened November, 1895. Founder's Day was celebrated November fifth of last year. Let me tell you some of the results of the first year's work. As a result of a hall—which Ian

MacLaren* I see pronounces the finest hall he has even spoken in —Pittsburgh has now a permanent orchestra. Only three cities in the United States can boast of this; and unless it be Glasgow, Scotland, I do not think there is one permanent orchestra in the United Kingdom. We have free organ recitals for the masses Saturday afternoons and Sunday afternoons. The organ is not excelled by any in quality, if equaled. So numerous have been the high class entertainments in the hall, for which a charge is made, that it has not only paid expenses, but turned a profit of four hundred pounds into the general fund. In short, I may say that music of the highest order has taken root.

The Museum is already almost filled with fine things, including many casts of the finest statues, all the Neapolitan bronzes, etc., etc.

The scholars from the public schools are taken in detachments, and prizes are given for the best essays describing their visits.

The most surprising success of all, however, is in the Art Galleries. The exhibitions have attracted the attention of the whole country, and we hope to make Pittsburgh a center of art. Many of its citizens have fine collections of paintings, and the leading artists here assure me that if we go on as we have begun the principal art event of the year may be the exhibition at Pittsburgh. The foregoing (art galleries and museum) have a revenue of ten thousand pounds per year, the proceeds of two hundred thousand pounds, five per cent. gold bonds, which I set aside.

The Library, of course, we expected to show great work, but its record also is surprising, and the City Councils are supported by public sentiment in appropriating this year eighteen thousand pounds for the Library. I required the city to support her libraries. We have seven other branches now building.

Mrs. Carnegie and I derive the sweetest of all our satisfactions from our Pittsburgh benefactions . . .

We had Dr. and Mrs. Watson as our guests here for some time before they returned to Liverpool. I wish you would send for him some day to visit you at Hawarden, because I know he would

*The Rev. John Watson (1850-1907), author of *Beside the Bonnie Briar Bush* who was very popular at the time and who made a lecture tour in the United States in 1896.

esteem it such an honor, and besides you two genuine Celtic Scots would be as brothers. He is one of the most genial men I have ever known.

Pray remember Mrs. Carnegie and myself in the kindest terms to dear Mrs. Gladstone, and if our mutual friend Mr. Armitstead is with you, commend us to His Grace—our “Duke of Dundee”—also to your kind host,* and believe me ever, my dear Mr. Gladstone,

Yours devotedly,
ANDREW CARNEGIE

One mail brought me three letters,

One from you—Gladstone

One Herbert Spencer

One from John Morley

I am quite set up as no other one can say this.

A. C.

Such then was Carnegie's Pittsburgh “Cathedral.” But the present institution is a different affair from the one he so heartily described to Bishop Potter and Mr. Gladstone. The building dedicated in 1895 forms only one wing of the present elaborate structure. Soon after its opening, Carnegie, with the assistance of several of the most enlightened citizens of Pittsburgh, particularly Dr. William J. Holland, formulated more comprehensive plans. Besides a library and music hall, proposals were made for a museum and art gallery, a technical school and other departments. For these auxiliaries Carnegie stood willing to provide the money, and the present building is the result, one of the most beautiful in the country, in every way an inspiring monument to that higher civic life for Pittsburgh which it was intended to symbolize. By the time it was finished, in 1907, the Institute, with its several associated enterprises and their endowments, had absorbed \$20,000,000—an amount that has grown, as already noted, to \$36,000,000. Under the presidency of William N. Frew and, in recent years, of Samuel Harden Church, the Institute has become a great educational city, devoted to fitting the new generation to cope more successfully with life. The library, the music hall, the music school, the art depart-

*Mr. Gladstone was visiting Lord Rendel at Cannes.

ment, the museum, are carrying on their work to an ever increasing degree. The library, besides its main headquarters, now has 135 agencies—in branch buildings, public, private and parochial schools and the like—for the circulation of books, and a school for librarians. The museum, under Dr. W. J. Holland and the late Douglas Stewart, has become one of the three or four best in the United States. The Pittsburgh annual exhibition draws paintings from two continents and is one of the leading art events in the country. The Technical Schools, just starting in 1906, are now consolidated into the Carnegie School of Technology. Here young men and women interested in the several branches of engineering—civil, chemical, electrical, mechanical—can obtain expert training and receive degrees, while others less ambitious spend their evenings learning manual trades. This latter enterprise appealed especially to Carnegie, for here the ideals of his grandfather's essay in *Cobbett's Register*, "Handication versus Heddekashun" are made reality. Bricklaying, pattern making, foundry and machine work, the art of the mason, plumber, steam fitter and wood craftsman—the world still has need of such skilled tradesmen and here they are educated along scientific lines. Perhaps the building that Carnegie used to linger over most fondly was the college for women. This is not another Bryn Mawr or Vassar. Here girls are taught the profession of home making. They learn to cook, to sew, to embroider, to make dresses, to weave, to design, and there are elaborate courses in home economics, in dietetics and the chemistry of food. Young women destined to earn their own living are prepared for business and secretarial jobs, for social and playground work, for positions as laboratory research assistants—for practically all the endless occupations into which women now find their way. Carnegie gave this college the name of his mother, Margaret Morrison Carnegie.

Chapter XI

"No. 2 EAST NINETY-FIRST"

1902-1919

CHRISTMAS of 1901 was a sad and reminiscent one. In that season "Uncle Lauder" died, at the age of eighty-seven. "I feel so lonely," Carnegie wrote Morley. "The intense interest he took in all my doings gave me satisfaction. 'How this will please Uncle Lauder!' was always present in my mind as events came."

To George Lauder

Sunday night,
December 22, 1901.

DEAR DOD:

I am stunned and somehow protected from severe shocks, except every now and then one comes that seems almost to stop the heart.

What this loss is to you and to me no one knows but ourselves; they cannot know. I don't believe there ever was so sweet, so fond an attachment on earth, as between us three men—the Teacher and his pupils.

But I can't write about it; I must quit.

It is so saddening. What on earth will Scotland be to me now? He was Scotland.

Well, I must bite my lips and say nothing. This life, so delightful to us when it touches the precious relationship, is, apart from these sweet touches of affection, a fearful mockery; but good night. Do write a few lines and tell me how you are. This blow doesn't

draw us closer—nothing could do that; but it does send the thoughts more to you.

Ever yours,
NAIG

2

For some time Carnegie had been building a city residence at Ninety-first Street and Fifth Avenue, New York, the house in which he had lived since marriage, on West Fifty-first Street, having long been inadequate. That he should pitch the family tent in so unaccustomed a region seemed at first surprising. Only a man indifferent to the dictates of "fashion" would have dreamed of migrating to such a spot. Thirty years ago America's premier thoroughfare, at that point, had only recently emerged from the stage of shanties and goats; no place this for the abode of millionairessdom! Soon the truth became apparent that Carnegie, in choosing this location, had acted with his usual foresight. The primitive architecture in the neighborhood began to disappear, and something resembling a scramble took place in the direction of the "Highlands," as the newspapers dubbed the new residential area. The Carnegie house, a structure of brick with granite trimmings, was sumptuous but not ornate, and the green expanse of garden, in which the proprietor liked to stroll, provided a relief to Fifth Avenue's forbidding stretch of masonry. Yet the simplicity that had marked existence in the home on Fifty-first Street was continued in the large place. Here for the rest of Carnegie's life the winters were spent, varied usually, by a visit, in February, to the estate of his sister-in-law, Mrs. Thomas Carnegie, on Cumberland Island, off the coast of Georgia.

"No. 2 East Ninety-first" in a short time became one of the most familiar addresses in America. The fact that here lived a man, engaged in the popular task of dispersing a fortune numbered at hundreds of millions, naturally made it the objective of a steadily increasing host, not unwilling to assist in the diffusion. A throng kept tapping at Carnegie's door, hoping for one of those interviews he was chary of giving; and letters from all parts of the world, civilized and uncivilized, inundated the house at a rate that severely

taxed the resources of the post office. For fifteen years millions in a constantly rising stream flowed from the sanctuary. "Millions" is the descriptive word, for Carnegie liked to deal in these impressive aggregations. One day a gentleman having, by valid letters of introduction, gained admittance, was expounding a proposal that at first seemed to be making favorable headway. "How much money do you need to start with?" asked Carnegie. "I think as much as \$5,000," was the timorous answer. "I am not interested in the retail business!" Carnegie almost snapped, bringing the interview to a hopeless termination. To waste his time on trifles of that sort was almost insulting! In the early period, indeed, Carnegie's mind apparently worked in \$10,000,000 units. Most of his benefactions—the Scottish Universities Trust, the Carnegie Institution, the Foundation, the United Kingdom Trust, the Peace Endowment—began existence on this financial basis. In 1905, a dozen or so of American educators, statesmen, ex-presidents, scientists and authors received an identic communication from "No. 2 East Ninety-first." "Can you tell me," it read (in substance), "how I can spend \$5,000,000 or \$10,000,000 to the best public advantage? I shall give a prize for the best answer." The prize was never awarded; the suggestions proved disappointing, few rising above considerations *pro domo sua*. Grover Cleveland, recently established as trustee of Princeton, eloquently portrayed the needs of the Graduate School of that institution. Dr. Nicholas Murray Butler thought that the permanent endowment of Columbia University was the proper resting place for such a gift. And so on. One man who took a more impersonal view was Elihu Root, who suggested the establishment of a fund for the education of promising young Latin-Americans in the United States, on the plan of the Rhodes scholarships. But even Mr. Root added a postscript: "Incidentally I would give another \$100,000 to Hamilton"—his alma mater.

And so Carnegie, in distributing his wealth, depended for the most part on his own judgment, reinforced by suggestions picked up in various ways. Besides libraries, two agencies of social amelioration were cultivated on systematic lines. A taste for good music, he declared, was as necessary to progress as a taste for good reading. Carnegie fostered symphony orchestras in several cities, and his devotion to organ music prompted one of the most unique of his

experiments. Gladstone's proposal that part of the Carnegie wealth be set aside for religious ends was not approved, in the sense that statesman had in mind, yet one form of worship, untainted by theology or sectarianism, was joyfully supported. "Music sacred tongue of God, I hear thee calling and I come"—this quotation from Confucius, frequently on Carnegie's lips, led him to sprinkle the United States, Canada and Great Britain with not far from 8,000 organs, at an expenditure of nearly \$7,000,000. Any church that made application, and answered satisfactorily Mr. Bertram's questionnaire, automatically obtained such an instrument. The awards were made with no regard to sectarianism, all Protestant denominations, Christian Scientists, Swedenborgians, Roman Catholics and Jews, participating in this bounty on equal terms. "You can't always trust what the pulpit says," Carnegie would remark, "but you can always depend upon what the organ says."

In the same period not far from \$20,000,000 found its way to small, struggling colleges. America's great universities, already well equipped and heavily endowed, were seldom favored; places like Harvard, Yale and Princeton, in Carnegie's eyes, were the preserves of the upper social classes, and thus failed to fulfill the mission he had chiefly in mind—the democratic levelling up of mass intelligence. Just as, in Great Britain, he could not be persuaded to increase the emoluments of Oxford and Cambridge, but concentrated on the four Scottish universities that drew their students from the cottage and the city, so, in the United States, it was the "freshwater" college, engaged, for the large part, in training the sons and daughters of farmers and the proletariat, which received the most friendly consideration. Favorite gifts were libraries and science laboratories. Requests for "administration buildings," "halls" and the like met with a frown; this signified display, ostentation, money not set aside to serve primarily the cause of instruction. So it happens that the catalogue of colleges helped by Carnegie has an unfamiliar ring. It includes from 300 to 400 institutions, many—perhaps a majority—utterly unknown to the general public. Yet who can doubt that \$10,000, \$50,000, \$100,000—sometimes larger sums—dropped in a little town in Vermont, Iowa, Texas or Oregon, can do incalculable good? Institutions like Berea, educating the mountaineers of the South, and Hampton and Tus-

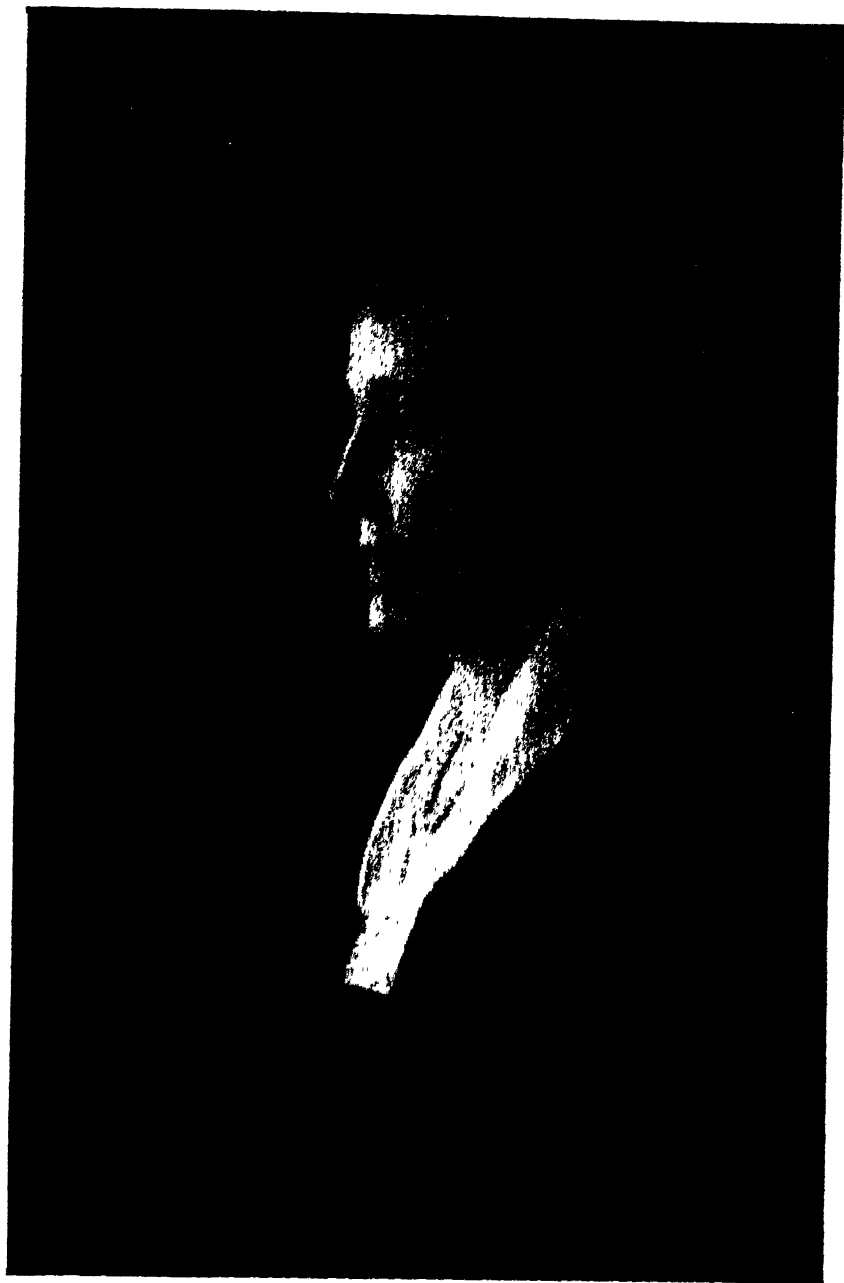
kegee, transforming negro boys and girls into self-supporting social units, came in for gifts of generous size.

This same conception guided Carnegie in other bestowals. Trade schools and the like seldom appealed in vain. Cooper Union in New York, and the Mechanics' and Tradesmen's Institute, each obtained \$750,000. One day a committee of engineers explained the most pressing need of their profession—some common building that would serve as the center of their activities. The outcome was a check for \$1,500,000 and the resulting structures on Thirty-ninth and Fortieth streets, New York. At another time, Dr. Henry S. Pritchett, then president of the Massachusetts Institute of Technology, was spending a few days at Skibo; he told Carnegie of Benjamin Franklin's unique bequests to Philadelphia and Boston. To each city \$5,000 had been left, with the proviso that this capital sum should be untouched for a hundred years, accumulating interest, and then should be used for some public purpose. The century had now expired; the Boston fund had snowballed up to \$420,000, and Franklin's birth town was planning to build the Franklin Institute—a night school for the education of artisans in the scientific principles of their crafts. Franklin was one of Carnegie's heroes, and the purpose of the school also fitted into his plans.

"Unfortunately there is no endowment," said Dr. Pritchett. "All the capital has to be devoted to building and equipment."

"I'll match Franklin's gift," Carnegie replied immediately, and in this way the Franklin Institute found itself with an endowment of \$420,000.

About 1906 a change took place in Carnegie's orthography. His correspondents were startled to see "enough" spelled "enuf" and "tough" changed to "tuf," "have" cruelly clipped to "hav," "called" deprived of the "e" that had done service for ages and diminished to "call'd." These were only a few of the revolutionary transformations. Funny men of the press began pleasantly ridiculing Carnegie's effort to modernize English spelling by creating an endowment of \$280,000 for that purpose. "Carnegie assaults the spelling book" one newspaper headline proclaimed, and Mark Twain said that Torquemada had never committed any crime comparable to "St. Andrew's" treatment of the English language. Certain leader writers in Great Britain were almost ready to declare



MRS. ANDREW CARNEGIE

(Photo by the Misses Selby, N. Y.)

war on the United States; Swinburne, in a fine poetic frenzy (or "phrensy," once the usual spelling) attacked Carnegie's modernizations as a "monstrous barbarous absurdity," and the London *Times* plaintively suggested that if changes were to be made, possibly the homeland of the language might be represented on the committee. To such taunts Carnegie responded by pointing to eminent scholars who had endorsed his scheme: Brander Matthews, of Columbia, Thomas R. Lounsbury, the distinguished English authority of Yale, Professor W. W. Skeat, of Oxford, probably the world's greatest etymologist, and—crushing blow to English critics—Dr. Murray and Dr. Bradley, editors of the New Oxford Dictionary. A quick convert was Theodore Roosevelt, who ordered the Government Printing Office in future to use new spelling in all White House documents, including Presidential messages. When the unpersuaded railed at Carnegie for changing "bright" to "brite" he tellingly retorted that books in Queen Anne's time printed "spighte" for a word since shortened to "spite." If "fysshe," a common Elizabethan spelling, could be truncated in three centuries to "fish," why were "fantom" or "flosophy" so absurd? It soon appeared that the Simplified Spelling Board was not engaged in a general massacre, but had merely adopted a list of about 300 words as candidates for reform. Some of these, like "tho," "thru," "medieval," "anesthetic," "program" had little difficulty in making their way, but others like "laf" (laugh), "red" (read), and "tung" (tongue) are still knocking at the doors. Carnegie bravely maintained his position to the end—backsliding occasionally, it must be granted—and traces of simplified spelling appear in those parts of his will written in his own hand.

On the occasion of Dr. Pritchett's visit to Skibo, mentioned above, something was said, almost casually, about an outstanding fault of the American educational system—the poor payment of college professors and the general failure to make provision for their last years. It was a subject to which Carnegie had given much thought, appeals for distressed, broken down teachers constantly appearing in his mail. The subject was only touched upon at the time, but the following November announcement was made that Carnegie had given \$10,000,000, the income to be used for retiring allowances for professors. Thus was created the Foundation for the

Advancement of Teaching, with Dr. Pritchett as President, and the heads of the leading American universities as an advisory board. Few of Carnegie's benefactions met with such acclaim; the idea, that of making comfortable the last days of a neglected and deserving class, was the kind that went straight to the popular heart. And that was Carnegie's purpose; his original aim was simply benevolence, the plan, suggested by the title, of making the endowment an agency for advancing educational standards, being an afterthought. And yet it is not unlikely that this latter function is the Foundation's greatest work. For the pension scheme soon developed embarrassing weaknesses. Perhaps, as originally devised by Carnegie, it might have succeeded. For at first only a selected group of higher institutions was to comprise the fold: all sectarian colleges—and this meant all institutions whose trustees, or a majority of them, belonged to a denominational organization—were excluded. Many colleges proceeded to divest themselves of church control; the process of secularization, indeed, with Carnegie pensions as baits, rather shocked those who still clung despairingly to certain eternal verities. And it did much to wreck the pension feature. State universities, unwelcome at first, began pounding at the doors; and although Carnegie added \$5,000,000 to the fund, in a few years it became painfully clear that the income was utterly inadequate to fulfill the donor's purpose. This aspect of the Foundation involves too many actuarial complexities and other considerations for detailed description in this place. About 1915 it was determined that the payment of professor pensions should be dropped. Such obligations as had been assumed up to that time were to be carried out, but no new names could be added to the list. Careful study showed also that a pension scheme to which the beneficiary did not contribute was a false—almost an anti-social—idea. The foundation therefore organized the Teachers' Insurance and Annuity Association, and itself assumed the cost of administration, a most important contribution, for it meant that insurance and annuities could be provided members of the teaching profession at cost. Under this, institutions that so elect can take out old age annuity policies for their instructors, themselves paying half the premium and the beneficiary the other half. This assures an income for retirement and, in case of death, a pro-

tection for dependents. The new system gives promise of success and settles the problem Carnegie took in hand, though in a different way than he devised.

In the other department, that of investigating educational problems and proposing improvements, the foundation has been an extensive influence for good. Many investigations into specific problems have done much to put American colleges and schools on a new plane. In one department, that of medical education, nothing less than a revolution has been accomplished. It is no exaggeration to say that, until 1910, the medical schools of the United States and Canada were, as a whole, little better than a scandal. Only a few possessed the equipment and teaching force, to say nothing of the ideals, essential to turning out competent practitioners of the profession. Hundreds were simply degree-factories, run for personal profit, in which the one important requirement for the "M.D." was the payment of a fixed sum at "graduation." In many cities it was customary for physicians to organize a medical school for their financial benefit and father it on a well known university, the latter institution being so ambitious for growth that it was a little blind in scrutinizing the new department. Until Abraham Flexner, of the Carnegie staff, began his visitation of American medical schools, these facts had never been honestly and scientifically set forth. His report had the useful and uncomfortable quality of being precise. It listed every medical school by name and address, gave a complete description of its equipment, its teaching staff, its inadequacies, and, in justifiable cases, its strong points. If a school was a barefaced money-making scheme, Mr. Flexner explicitly said so, a charge to which one seat of learning apparently pleaded guilty by suing the Carnegie Foundation for damages on the ground that the Flexner publication was "injuring its business." The outcome was a complete reform in medical education on the American continent; most of the schools exposed have disappeared, and the country is now dotted with institutions that rank with the finest in Europe—as a whole, probably above them. Incidentally the change has illustrated how great money-giving foundations can work together. Inspired by the Carnegie report, Mr. John D. Rockefeller made medical education one of the fields for the use of his wealth, appropriating Mr. Flexner for this purpose. In thirty

years the General Education Board has expended \$80,000,000 in lifting American medical instruction to the high level it now occupies—one of the greatest achievements of the century and one that, in itself, justifies the creation of the Carnegie Foundation.

3

BUT "2 East Ninety-first" was more than an emporium for the dissemination of money. It was Carnegie's winter home, the meeting place of his American friends, as was Skibo for his British and European associations. In most respects Carnegie's life in New York was full of the same diversions as in Scotland. The piper, it is true, did not encircle the house every morning, but the organ regularly awoke Carnegie from his slumbers; the daily swim to which he was devoted in Scotland, as well as fishing in lochs and burns, were hardly possible on Fifth Avenue, but an hour's motor ride ended at St. Andrews golf links in Westchester County, a club that had an even more intimate appeal than its enticing name. For St. Andrews was the first headquarters of the noble sport founded in the United States, the year of the invasion being 1888, and its creators were two "Dunfarlin" men, John Reid and Robert Lockhart, a fact, Carnegie wrote, that "should be recorded in the annals of time." Carnegie had a long list from whom to choose a partner, and, whenever the mood was on, his secretary would call up the favored devotee suggesting his presence at Ninety-first Street at a particular hour. On cold days butlers and friends would bundle the little figure in a heavy coat, with mufflers, huge turned-up collar, and hat drawn well over the ears, until nothing protruded except nose and goggled eyes; the car would emit a honk and off the gay party would whirl to the beautiful Westchester hills. Carnegie had taken up golf at the age of sixty-three; he played well, but not so well as he would have liked, for, though skillful at putting, strength was lacking for the long drives. The eagerness to win that so largely explains his success in steel was similarly displayed on the course. What rejoicing when he came in ahead! How cast down he was by defeat! Here, as everywhere, he was a law unto himself, and certain ingenious idiosyncrasies, such as tee-ing his ball on the fairway, displayed the eternal child. His golfing cronies were indulgent.

"I am beating my friends at golf, so all goes well," he writes cousin "Dod." "I played eighteen holes today with Taylor. Beat him! Beat Murray Butler Saturday. Beat Franks the day before. I am playing better! P. S. They gave me a stroke a hole, but that's a detail." A little bungalow had been built at the edge of the links, to which, after finishing the round, Carnegie would return for a nap, followed by a lively lunch with friends; occasionally, with wife and daughter, the night would be spent here, two faithful German servants and a St. Bernard dog contributing domestic touches to the scene.

The Fifth Avenue house, like Skibo, offered opportunities for walks and idling; always at the doorstep lay Central Park, full of wooded recesses and glens. A favorite promenade, skirting the Reservoir, was taken regularly every afternoon at four o'clock, alone, sometimes with a secretary or any friend who chanced to be at hand. The path had a circumference of two miles and Carnegie often went round twice, walking with an eager step that younger men found a strain. For the most part the public let him enjoy these walks undisturbed, but newspaper reporters learned the secret and frequently waylaid him. Carnegie enjoyed the society of journalists almost as much as they enjoyed his own, and was usually good for a "story." Taking the intruder by the arm, piloting the way around the water, a variety of topics, personal, public, reminiscent, would be covered, the next day's paper containing as much of the rapid conversation as the interviewer could recall. Carnegie never concealed the pleasure these newspaper write-ups gave him. (Reporters, in battalion, invariably dropped in every birthday, but on these occasions they were usually the ones interviewed.) He liked also to sit on park benches when, if there were neighbors, he proved the friendliest of companions. To strangers he would chat, frequently on intimate matters, telling them of his wife and daughter, ask about theirs, inquire about their business and prosperity and expand with his whole theory of existence. To keep his identity secret at such meetings gave him delight, and many men and women, afterward relating what they regarded as a rare and charming experience, would be astonished to learn who their entertainer had been.

There was no suggestion of loneliness about Carnegie's latter

days; he had plenty of friends and diversions; the ties of early life grew stronger, and the large accretion of new ones proved perhaps the greatest consolation of advancing years. He and his cousin "Doddie" saw much of one another and were constantly corresponding. To pass the time Dod took to painting, and portrait painting at that, even going so far as to produce a presentment of his distinguished relative. "Yes, you are at last an artist," Carnegie commented. "As an artist I too am in demand. My painting is word painting and I'm all 'ordered' and 'sold.' Folk maun do something for their bread." For now he again resorted to authorship. "The Empire of Business" (1902), and "Problems of To-day" (1908), were collections of essays, touched up for republication, that had appeared in the *Nineteenth Century*, the *Contemporary Review*, the *Century Magazine* and the like; "James Watt" (1905), a volume about as revealing concerning its author as its subject, represented his one attempt at biography. Carnegie spent much time in a little study adjoining the library, the place adorned with photographs and mementoes of friends, and the walls inscribed—as was the library—with phrases which had larded his conversation and writing for years, and which he looked upon as desirable promptings to life. "The Kingdom of Heaven is within you"; "The Gods send thread for a web begun"; "All is well since all grows better"; "Thine own reproach alone do fear";—such were a few of the carefully chosen nuggets. Here, as in the Scottish retreat, pen and pencil were constantly in hand. Every Sunday morning a letter was written to Morley—his Sunday "sermon" he called it—and Morley, in his Wimbledon home, was usually doing the same thing at essentially the same time, to Carnegie. Demands came constantly for speeches, many of which were acceded to. The manuscripts of these prepared addresses exist, their numerous erasures, rewritings, interlineations, giving the pages a sorry appearance, but testifying to the seriousness with which the work was done. An annual celebration never missed was the dinner of the St. Andrews Society, at which the Laird's oratory increased the pungent flavor of the haggis. Many thought that his impromptu speeches were better than the ones prepared; perhaps that was true, for Carnegie had his ideas at the disposal of the moment, but now and then they got him into trouble, for he would wander occasionally from

the point and, in the prevailing excitement, unwarily commit himself. Once, in a Pittsburgh address, he invited the whole Board of Aldermen to visit Skibo the next summer, "doorstep to doorstep." This rash proposal promptly slipped his mind, never recurring until one day the succeeding August, when a cablegram informed a startled household that a fair sized delegation had sailed and would soon reach Scotland! But the family was game, and the local law-makers had a joyful experience. The Margaret Morrison Carnegie "brides," as they came to be known, were even more celebrated. In a speech to the graduating class of this institution the founder remarked that the white clad girls before him looked like brides. "By the way," he added, a new idea popping into his brain, "if any of you are going to be married let me know." Such a hint was not likely to be ignored. Next day one of the girls wrote the news of an impending husband; Carnegie, good as his word, sent as a wedding present a check for \$500. A matrimonial epidemic ensued, each new bride receiving the same gift. Finally came a letter saying that a certain improvident girl had made the mistake of marrying six months before his speech; if she had only known she would have waited! This was too much. Carnegie responded with the usual check, enclosing it in a letter to Arthur Hamerschlag, head of the institution, adding this warning: "Any further marriages are at the risk and expense of the contracting parties."

Free as Carnegie was with money when others were concerned, he was quite neglectful when it came to himself. The expenditures many millionaires find indispensable he seldom engaged in. He had no private railway car, no box at the opera, and the pursuit of old masters and first editions had never enticed him. The more expensive habits of certain associates were frowned upon. "Have you seen Charlie's house?" he would remark, when Mr. Schwab's château was rising on Riverside Drive. "Mine is a cottage by comparison." The manufacturer so insistent on day by day accounting in business was almost careless in his private finances. Minor lapses, such as overdrawing his personal bank account, seemed incongruous in a son of Scotland, yet many thrifty traits, such as going about the house switching off superfluous lights or deleting unnecessary words in a telegram, were quite in character. Waste always appalled Carnegie, and nothing exasperated him more than an attempt to

impose on his wealth and reputation for free handedness. The feeling that he was being "done" would rankle. Sometimes a bill, when only a few dollars were involved, would be vigorously disputed. Yet tested intimates were treated with the utmost confidence. The financial statements of secretaries, and even of Mr. Franks, the custodian of his fortune, were never audited. "I will have no one around me," Carnegie would remark, "whom I cannot implicitly trust." To retain in his environment a man who needed watching would have been regarded as a reflection upon a quality prized above all—his judgment of human nature. And no man was ever served more honestly and faithfully. That Carnegie's eyes never rested on the mountain of bonds representing his worldly possessions has already been noted; most men like to see their accumulations increase, but Carnegie seemed to enjoy watching his diminish. "Last year," Mr. Franks once informed him, "you not only spent your income but you dipped into the principal." "Delighted to hear it, my boy!" he replied, giving his treasurer an approving tap on the back.

For the sight of money Carnegie apparently had a positive distaste. The odious substance was never carried on his person. For passing needs his secretaries provided the necessary supply; when they became separated from their chief, which was not seldom, for he was agile and inclined to pursue the whim of the moment, amusing situations would arise. Both continents are full of men who proudly boast that, on critical occasions, they lent the great philanthropist money to pay his subway or railway fare. Carnegie was once put off a London bus because he lacked the tuppence demanded for transportation. His secretaries, at another time, found him on a Pullman, bound for Florida, with no ticket and only a dollar and a half in his pocket; to make matters worse he had boarded the wrong train. On one occasion Carnegie and Schwab attended a celebration at a well known university to which each had made gifts. Schwab was accompanied by an ornate English valet, who attended to the wants of both men. Entering their rooms to dress for dinner, this dignified functionary was discovered on the floor, emerging from beneath the bed. Rising, he presented his resignation. "You two gentlemen," he said, "'ave given a million dollars to this college but you 'ave only one collar button between you and h'I've lost

that." At a banquet, Carnegie being present, Mark Twain in his speech said that he had lent him a quarter once in an emergency. "And Mr. Carnegie," he added, looking ruefully at the culprit, "has never paid it back." But Mark did reimburse himself subsequently. "Dear Sir and Friend," he wrote. "You seem to be in prosperity. Could you lend an admirer a dollar and a half to buy a hymn book with? God will bless you. I feel it, I know it . . . P. S. Don't send the hymn book, send the money; I want to make the selection myself."

Of Carnegie's antic moments another instance will suffice. The following is taken from the memoirs of Tschaiowsky, the great Russian composer, who came to New York for the opening of Carnegie Hall: "I had scarcely time to dress and drive to Carnegie's in a carriage, which had to be fetched from some distance and was very expensive! This millionaire really does not live so luxuriously as many other people . . . This singular man, Carnegie, who rapidly rose from a telegraph apprentice to be one of the richest men in America, while still remaining quite simple, inspires me with unusual confidence, perhaps because he shows me so much sympathy. During the evening he expressed his liking for me in a very marked manner. He took both my hands in his and declared that, though uncrowned, I was a genuine king of music. He embraced me (without kissing me, men do not kiss over here), got on tiptoe and stretched his hands up to indicate my greatness, and finally made the whole company laugh by imitating my conducting. This he did so solemnly, so well, and so like me, that I myself was quite delighted. His wife is also an extremely simple and charming young lady, and showed her interest in me in every possible way . . ."

Tschaiowsky's picture gives his friend in a familiar aspect, displaying one of the half dozen Carnegies that made up his kaleidoscopic character, but for a more complete and serious portraiture we should go to the letters of Richard Watson Gilder, editor of the *Century Magazine* in the great days of that famous periodical. The two men made a trip together in 1906 to Canada, passing through Ohio, where Carnegie delivered an address on Edwin M. Stanton. Gilder's letters to his wife contain references in plenty to his companion. "A. C. improves instead of diminishing on closer

acquaintance. Such stories from him and McCook of Lincoln and Stanton! A. C.'s address was remarkably brilliant and vital this morning, on Stanton whom he knew; after which we had a reception at the Bishop's and then lunch with the ladies and speeches. A. C. again was brilliant . . . A. C. is a truly 'great' man, i.e., a man of enormous faculty and a great imagination. I don't remember any man who has such a range of poetical quotation unless it is Stedman.* (Not so much a *range* as numerous quotations from Shakespeare, Burns, Byron, etc.) His views are truly large and prophetic. And, unless I am mistaken, he has a genuine ethical character. He is not perfect, but he is most interesting and remarkable; a true democrat, his benevolent actions having a root in character and principle. He is not accidentally the intimate friend of such high natures as Arnold and Morley . . . A. C. is really a tremendous personality—dramatic, wilful, generous, whimsical, at times almost cruel in pressing his own convictions upon others, and then again tender, affectionate, emotional, always imaginative, unusual and wide visioned in his views. He is well worth Boswellizing, and I am going to urge him to be 'his own Boswell.' He has greatly grown since I first knew him. 'I have changed my views'—I should think so! I remember how he attacked everyone who said a good word for higher education, and now he has done more for it, from the point of view of moneyed contributions, than any other man who ever lived. He is inconsistent in many ways, but with a passion for lofty views."†

That Carnegie should have been the intimate of Gilder is as great an evidence of worth as his friendship with Arnold and Morley, for a more cultivated and higher-minded man America never knew, nor one whose influence, as editor and citizen, worked more devotedly for the finest American ideals. "Gilder's death gives me a keen pang indeed," Carnegie wrote Theodore Roosevelt, November 24, 1909. "He went often with me to the golf links at St. Andrews and no one can take his place. One of the whitest souls that ever lived." "The next time I was alone with Carnegie," writes Henry Holt, the publisher, in his reminiscences, "he told me that he had never loved any other man as he loved Gilder. He

*Edmund Clarence Stedman (1833-1908), poet and critic.

†*Letters of Richard Watson Gilder*, edited by Rosamond Gilder, pages 373-5.

also said that he was in Washington when Gilder died, and that as on the way home at night he crossed the ferry and saw the glory of the city's lights and great shadows, he could think only: 'Gilder is not there, Gilder is not there.' "

Mark Twain was another member of the Carnegie fellowship; the relations between the two were more rollicking, Carnegie always addressing the humorist as "Saint Mark," the latter reciprocating with "Saint Andrew." Yet the deeper side of Mark Twain's nature was also felt, as is apparent in Carnegie's tribute, published in the *North American Review*. "Mark Twain gone!—such is the refrain that comes to my lips at intervals. The gaiety of nations eclipsed, the most original genius of our age and one of the sweetest, noblest men that ever lived. Fortunate was I that we met so many years ago upon the ocean and became friends. He told me, much to my surprise, that the idea of 'A Connecticut Yankee at King Arthur's Court' came from reading my first literary outburst, 'Triumphant Democracy'; also he called my attention to the heading of a chapter in 'Puddn'head Wilson'* of which I was the author. I was young then and naturally flattered that the business man should be hailed as fellow author. The intimacy continued to grow, until I could safely consider myself one of his circle. When the business trial of his life came and he decided, sustained by that noble woman, his wife, that the question was not what he owed others but what he owed himself, he chose the latter and travelled the world guarded by his wife and conquered. He undertook Sir Walter Scott's task and triumphed, paying every creditor not the fifty cents on the dollar they offered to take but every cent of his debt. There come to men in life crucial moments which test whether they be of clay or pure gold. Mark Twain and his guardian angel proved themselves the latter.

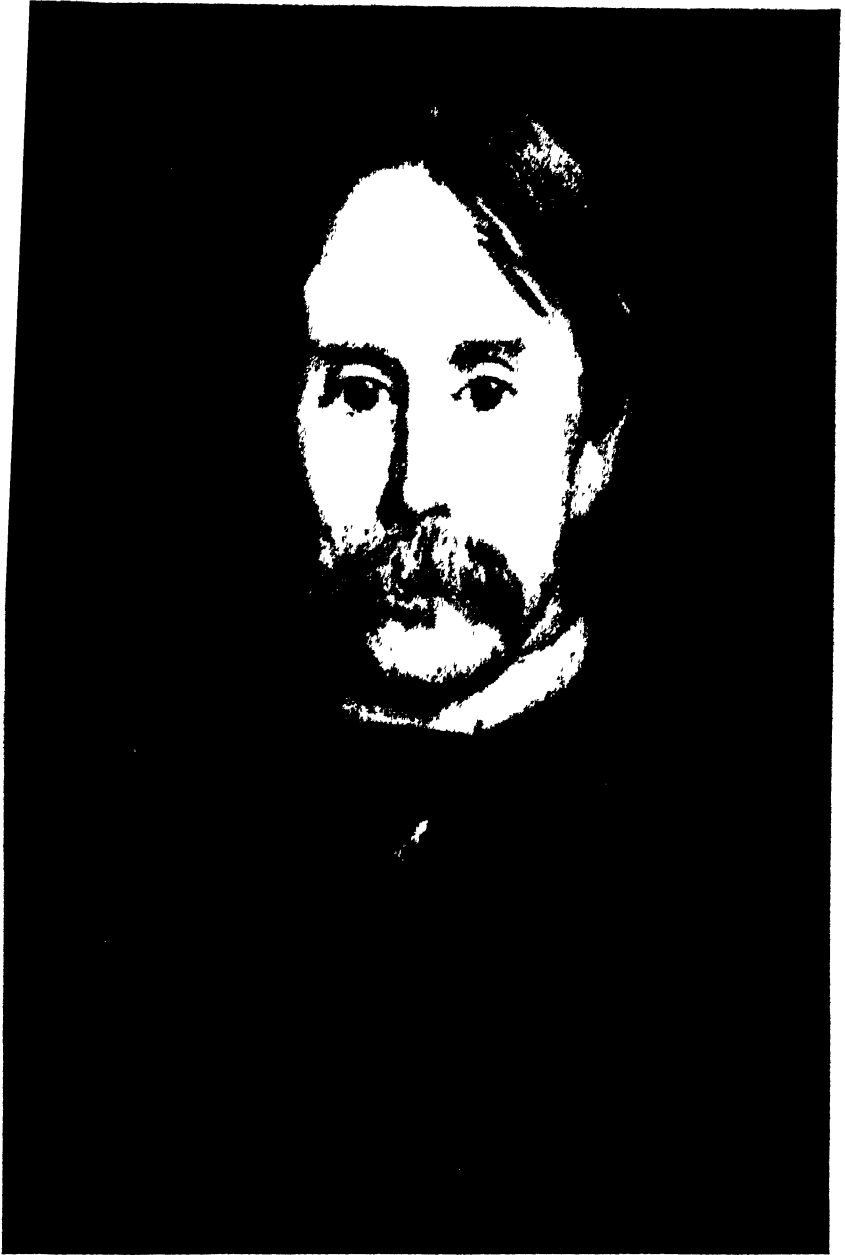
"No man knew Mark Twain who had not seen him aroused by some mean detestable action which violated his sense of justice. In his wrath he was indeed terrible . . . No man I ever knew could throw such pathos into a single sentence. When we met after his

*"Behold, the fool saith, 'Put not all thine eggs in one basket'—which is but a manner of saying, 'Scatter your money and your attention'; but the wise man saith, 'Put all your eggs in one basket and—WATCH THAT BASKET.'" Chapter XV, "Puddn'head Wilson's Calendar."

first irreparable loss, his wife—and such a wife—torn from him, he grasped my hand and murmured with a look I can never forget, ‘A ruined home.’ The joke, the telling, funny irrepressible word, was ever bubbling up. During his first serious illness some years ago the doctor prescribed the purest Scotch whisky as a tonic. I was applied to for a supply as it was known I had it in the wood. It proved satisfactory and upon a second attack our friend, after trying to purchase a satisfactory article, applied to me. Thereafter I made it a rule to keep him supplied. Upon his arrival from Bermuda recently I sent it, and Mr. Paine* wrote me his thanks, adding that although seriously ill, the propensity to joke could not be repressed when he learnt that, by a fall on the ice in the park, I had sprained my knee and was still lame. He looked up at Mr. Paine and smilingly whispered, ‘Mr. Carnegie should have sent me *all* of his whisky.’ And so he passes away with the smile on his face. Nor would he have had it otherwise.”

To secure a specimen of this whisky meant that one had entered the inner Carnegie circle. It was a scintillating concoction of Scotch nectar, directly from the “Queen’s Vat”—the distillation, that is, made for her venerable majesty of England. Carnegie participated in this exclusive brand for a good reason; from the year 1890 he had regularly kept the Presidents of the United States supplied, the “Queen’s Vat,” all through this period, having been as familiar at the White House as at Windsor. No politics figured in his largess, Republicans and Democrats sharing on even terms. Several amusing contretemps resulted, especially when the word leaked out that Elder Benjamin Harrison, good Presbyterian, and Brother William McKinley, excellent Methodist, had received shipments “in the wood” from Perth. News of a consignment to President Harrison, in 1892, got into the papers, even doing service as a minor issue in the presidential campaign, but the wail for “another cask” that came from Harrison after his retirement showed that the criticisms of co-religionists had not disturbed his conscience. Carnegie himself was almost a teetotaler, taking, in late years, at the doctor’s command, minute portions with meals, and neither were his friends of the bacchanalian breed. Indeed, the companions of the “Queen’s Vat” made up a distinguished crew. John Bigelow,

*Albert Bigelow Paine, Mark Twain’s friend and biographer.



RICHARD WATSON GILDER (1844-1909)

From a painting by John W. Alexander.

ex-diplomat, biographer of Franklin and Tilden, vigorously minded at ninety-five, was a frequent correspondent; thanks for the divine fluid came from the heart, but he disagreed with Carnegie on almost every other article of his creed, taking delight in prodding his friend on the tariff and the part it had played in piling up his wealth. John Hay used to send amusing acknowledgments of "your golden liquid fire"—"the true, the blushful Hippocrene"—and Joseph H. Choate and Whitelaw Reid made deep obeisance. One Sunday morning Carnegie, walking up Fifth Avenue, encountered John D. Rockefeller emerging from church. The two stopped, shook hands, and for a few moments engaged in conversation, a vastly interested crowd gathering around them; behold the two richest Americans in friendly talk! After parting, Carnegie, fifteen or twenty feet away—one of his Puck-like moods seizing him—turned and called out, loud enough for anyone within a block to hear, "Oh, Mr. Rockefeller, I've just received a new consignment of whisky from Scotland. I'm going to send you some." Fifth Avenue, on this Sabbath morning, became a universal grin. When Rudyard Kipling lay, almost mortally ill, in New York, in 1899, and his doctor was seeking an unquestionably pure brand of spirits, the friend of both men, Frank N. Doubleday, made a straight line for Carnegie. Kipling has always claimed that this succor saved his life. Abram Hewitt was another beneficiary. Between these two there was a regular exchange of calls and letters, the latter especially on birthdays. Carnegie's messages on such occasions were likely to be felicitous, Mr. Hewitt being particularly delighted at a cablegram from Skibo on his eightieth anniversary. "Ten octaves! Every note truly struck and grandly sung!" Carnegie was inclined to banter Hewitt on his refusal to become his partner in the early days of steel, yet that no hard feeling remained was shown by his gifts to Cooper Union, the great philanthropy of the Cooper-Hewitt family.

Elihu Root was another friend who grew nearer in the later period. "You have had the best run for your money I have ever known," Mr. Root told him. "Yes, and see the friends it has brought about me. I might not have known you!" With Theodore Roosevelt and William H. Taft he was in frequent association; the archives contain packets of letters from both Presi-

dents, and Carnegie was a welcome guest at the White House in both Administrations. Another President whom he knew well and greatly admired was Grover Cleveland. "There is no man living," he wrote, "who so truly typifies that grand word, Character." A manly letter from Cleveland is preserved. Carnegie, knowing that the statesman had retired from the Presidency broken in purse, wrote requesting the privilege of making a liberal yearly allowance—the same request he had made to Gladstone and inspired by the same motives. Cleveland replied gratefully; "So far as the present is concerned," he said, "I am getting on, I think, as well as I deserve"; he therefore asked permission to decline the "great honor you have sought to confer upon me." But times might change. "I ask you to allow me to pull and worry along in my own way, with permission to go to you when the fates are so hard with me that I must have a strong, friendly hand." Apparently such a crisis never came.

The catalogue of Carnegie's American friends would be a long one. They were mostly presidents, cabinet officers, professors, poets, journalists, writers, scientists, men for the most part of non-accumulative professions. The only type not figuring conspicuously were fellow-millionaires. This survey, however, may appropriately include the following mementoes of two rich men with whom he maintained pleasant, but not intimate, relations:

To John Wanamaker

November 11, 1904.

MY DEAR FRIEND:

. . . The thought comes to my mind—is it not about time that you were beginning to practice distribution? I saw your immense new structure going up in Philadelphia, and Mrs. Carnegie has been patronizing your establishment here, and I cannot but feel that you should begin giving instead of using the whole of your exceptional talents in grabbing for more dollars. There! That is a better sermon than you hear in any of your chapels, including your own Sunday School!

Always very truly yours

ANDREW CARNEGIE

From John D. Rockefeller

4 West Fifty-fourth Street

February 2, 1903.

MY DEAR MR. CARNEGIE:

I thank you for the oatmeal of your own manufacture, which you were kind enough to send me. It is very good and I hope you enjoy the eating of it as much as I do. Be sure to eat it very slowly and masticate well.

You grind oameal: I grind apples, and have ordered a bottle of my sweet cider sent you from Pocantico.

Keep right on with your grand work of giving away money, regardless of the criticisms of cranks and fools. You have already given away more money than any man living.

The good Lord bless you and give you wisdom for your great responsibilities.

Very sincerely yours,

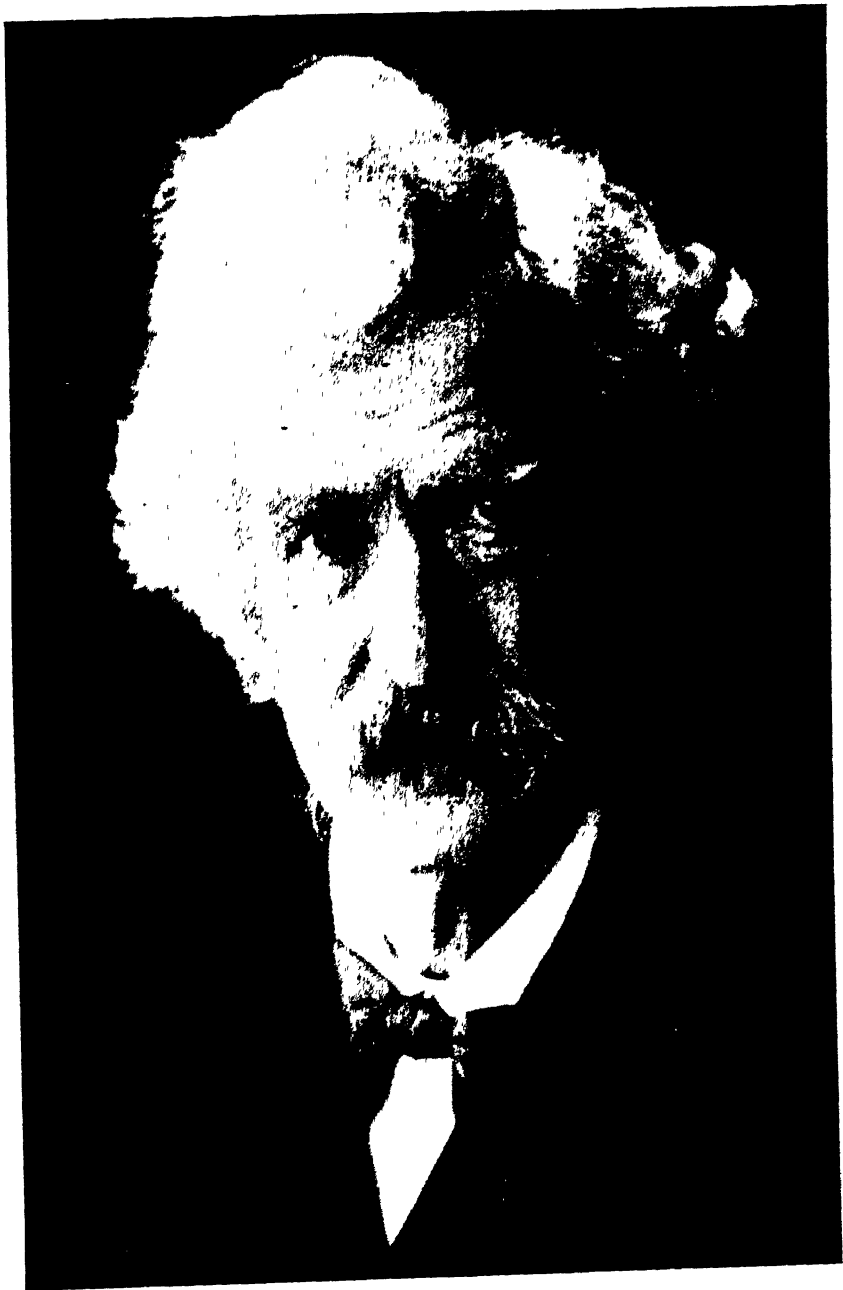
JNO. D. ROCKEFELLER

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THE gatherings that provided most delight in Ninety-first Street were the so-called "literary dinners." These were the joint enterprises of Carnegie and Gilder. It was Gilder's task to seek out the "gods" of the literary world—the expression is Carnegie's—and conduct them to the rich man's board. "The chief glory of a nation is its authors," read one of the several quotations with which Carnegie had decorated his library frieze. He gave the Authors Club of New York, of which he was a member, quarters for their club rooms rent free, in Carnegie Hall, and a fund of \$250,000 to help out members of the craft who had fallen in tight places; and once a year, at his home, distinguished writers were assembled for food and talk, and occasionally speeches. Some eminent writer was selected as guest of honor—such as Sidney Lee, who visited the United States in 1903, Mark Twain, President Eliot of Harvard, John Morley. Each guest was required to write his name on the tablecloth; this was afterward embroidered; next time the familiar guest found this as his place card, and new recruits added their inscriptions. That cloth survives today, a precious relic of Amer-

ican letters in the first decade of the twentieth century—the time of Howells, Henry James, James Lane Allen, George W. Cable, Weir Mitchell, Woodrow Wilson, Brander Matthews, Edmund Clarence Stedman, John Burroughs, Thomas Bailey Aldrich, George E. Woodberry and others whose autographs are enshrined upon it. The greatest of these dinners was the one at which John Morley was the guest of honor. He had not set foot in the United States since 1868 when, as an unknown young man, he spent several months here. Carnegie had many times pressed him to come, and finally, in 1904, he made the trip, sailing on the same ship with Carnegie, his guest, as Matthew Arnold had been twenty years before. He delivered the Founder's Day speech in Pittsburgh, visited President Roosevelt at the White House, was present in Chicago on election day—Roosevelt's celebrated landslide victory over Parker; and, on November 22, became one of the "Knights of the Cloth" on Ninety-first Street. This function was a brilliant one, the heads of the leading American universities, as well as distinguished members of other professions, fraternizing with poets and novelists. The only drawback was that Carnegie himself was ill and unable to attend, catching such echoes of the proceedings as he could from his bed upstairs. Gilder, however, presided—a fitting substitute, since Gilder, as editor, had egged on Morley to write *Cromwell*, one of his most famous books. In his *Recollections* Morley has much to say of this visit, giving, in conclusion, his estimate of his friend. "I have tried my hand at a sketch of A. C.," he wrote Carnegie in October, 1917, when the book was on eve of publication. "It is not by any means the easiest thing in the world to draw even a sketch of an attached, kind and intimate friend, with whom I have been actively united in thought and public aims for a whole lifetime."

"I came home," says Morley's tribute, "after a delightful visit planned by two of the most cordial and ingenious of hosts and entertainers, having heard much about the 'problems,' and made friendly acquaintances of most of those who have them in their minds and on their hands. Mr. Carnegie had proved his originality, fulness of mind, and bold strength of character, as much or more in the distribution of wealth as he had shown skill and foresight in its acquisition. We had become known to one another more than



SAMUEL L. CLEMENS (MARK TWAIN) 1835-1910
(*Keystone View Co.*)

twenty years before through Matthew Arnold. His extraordinary freshness of spirit easily carried Arnold, Herbert Spencer, myself, and afterwards many others, high over an occasional crudity or haste in judgment such as befalls the best of us in ardent hours. People with a genius for picking up pins made as much as they liked of this: it was wiser to do justice to his spacious feel for the great objects in the world—for knowledge and its spread, invention, light, improvement of social relations, equal chances to the talents, the passion for peace. These are glorious things; a touch of exaggeration in expression is easy to set right. His early effusion on the *Gospel of Wealth* excited vigorous and sympathetic interest in Mr. Gladstone, and Carnegie's name speedily came to be associated in a wide world with lively discussion. Feel for great objects has not been all. Millions of money have not been all. He is an idealist who lives and works with his ideals, and drudges over them every day of his life. He maintained the habit of applying his own mind either to the multifarious projects that flooded in upon him from outside, or to elaborating the independent notions that sprung up within him from his observant common sense in union with the milk of human kindness. Rapidity, energy, confident enthusiasm, were the mark of his days. As he said to one of those to whom he was attached, 'Don't look as if you were overwhelmed with gravity; don't let people think you have got as much as you can carry. It is not so much for a superior man that he suffices for his day's work, as that his day's work suffices for him.' High spirits are to be no small part of the whole duty of man. Invincible optimism, either as to the whole world's progressive course, or the disappearance of obstacles to any wise enterprise in particular, sometimes provoked impatience in those of a less mercurial temperament. It was in fact his key to life when he said that, having retired from all other business, his business had become to do as much good as he could in the world. Optimism was more than a theory in a man who had been a successful fighter through life, and had made so many others sharers in his victories . . . A strenuous disputant, yet he knows how to keep himself in order by quick, racy, and superabundant sense of humour. A man of high and wide and well earned mark in his generation."*

**Recollections*, Vol. II, pp. 110-111.

Chapter XII

HERBERT SPENCER AND CARNEGIE

1890-1903

ANOTHER of the lifetime friends with whom Carnegie kept in constant touch was Herbert Spencer. Ironmaster and synthetic philosopher met frequently, letters exchanged between the two comprising a substantial packet—a collection valuable not only as a memorial of what at first might seem an incongruous friendship, but also for the picture disclosed of Spencer in his final phase. Indeed, if other literary remains should vanish, the Spencer-Carnegie correspondence would enable one to envisage the man, in all his moods, for the era from 1890 to 1903. Not that these communications are always lengthy or profound; they are occasionally trivial—thanks for grouse and other attentions, notes accompanying presentation copies of Spencer's books, invitations to lunch, regrets that the sage cannot accept Carnegie's suggestion and travel northward. Yet Spencer was nothing if not personal, and could not write half a dozen sentences without laying bare his mind. The self-drawn likeness is that of a lonely and world-weary man, as well as one of a thinker appalled at the riddle of existence. Carnegie based his theory of optimism on the evolutionary doctrine, yet a cheerful prospect is hardly manifest in these outgivings of its great expounder. Nor is the mental state of the philosopher always philosophic. An octogenarian, weak in nerves and depressed in feeling, given to torturing introspection, minutely dissecting his emotions and ailments, painfully describing his "improvements" and "relapses," recording the "dreadful mistakes" of his housekeeper, and the "excitements" into which he had been plunged by the visits of

friends—such details appear in abundance; and yet there are pleasanter glimpses too—Spencer lying on his lounge while a “lady pianist” discourses Beethoven on his favorite instrument—a gift from Carnegie himself—and of the thinker who also loved flowers and birds and children. That interest in small non-cosmic matters which amused all thrown into intimate relation with Spencer repeatedly comes to the surface. “May I suggest that your game boxes would be very much better if they were perforated all over? Abundant ventilation would check the premature tendency to become high.” The agonies of literary composition in these last days are set forth. “The volume took two years to write,” he says, referring to his final book, *Facts and Comments*, “at an average rate of ten lines a day!” A perpetual invalidism is noted on almost every page. “I dictate this from bed, in which I have spent most of my time recently.” However, there are lighter touches. Gifts are exchanged—grouse and salmon from Carnegie, cheese from Spencer—the latter token arousing certain humorous memories, for Carnegie recalls the philosopher’s anger, on his trip to America, with the variety served him on shipboard. That Spencer had the friendliest sentiments for Carnegie these letters show. In practically every one he expresses a desire to see him, and invitations to Brighton are numerous.

The close of the nineteenth century brought two events that saddened both men, the South African War and the annexation of the Philippines by the United States. “No one can more fully agree than I do,” wrote Spencer, “with your denunciations of the doings of our race in the world. And not only our race but all races. And yet we are asked by the Comtists to worship humanity!” The intense antagonism Carnegie and Spencer felt for war, and for international maraudings of any type, gave their sympathies the firmest basis. Spencer is constantly applauding Carnegie for his efforts in behalf of peace and urging him to still greater activities in that direction, and for the behavior of his own country the sage reserves his bitterest shafts. In his own person Carnegie embodied one of Spencer’s favorite generalizations, of which he reminds his correspondent by enclosing, in a letter of January 29, 1900, an extract from his writings. “In the course of my studies in Sociology, carried on especially toward the close of the first Volume, and with

growing impressedness as I went on further, it became clear to me that all future progress depends upon the increasing predominance of industrialism over militancy. It turned out to my surprise that the antagonism between the industrial and the militant types practically determines everything in civilization. Being thus made to feel the enormous importance of arresting as much as possible the tendencies towards war and feeling that along with establishment of permanent peace and the growth of industrial organization all other beneficent institutions come as a matter of course, I became the more anxious that something should be done to check the tendencies of late so predominant to increase our warlike activities." That the greatest industrialist of the nineteenth century should develop also into one of the most active opponents of militarism was thus another of the reasons for Spencer's friendship. The South African War the philosopher evidently regarded as an excellent opportunity for the fruition of these views. When Martin Steyn, the last President of the Orange Free State, came to Holland in 1902, broken in health and fortune, Spencer raised a subscription in his behalf, to which Carnegie became a generous contributor.

From Herbert Spencer

5 Percival Terrace,
Brighton.

January 29, 1900.

DEAR MR. CARNEGIE,

I wish very much that you would spend some thousands out of your millions in employing a few capable men in the United States and Great Britain to war against war. They might take as titles of lectures "War and Christianity", "War and Despotism", "War and Demoralization", and so forth. America would I doubt not furnish a sufficient number of men with adequate oratorical power and adequate strength of feeling. Here it might not be so easy to find fit men, but still you might after a time get three or four. The mass of people do not in the least understand that if they advocate militarism and war as its concomitant they necessarily lose their liberties. That perhaps would be the strongest point continually to make, and a point abundantly illustrated by all human history.

Should it be generally known that you were subsidizing men for this kind of teaching and there were any reproach to that effect, you might very properly reply: "Yes, you pay ten thousand men to preach sham Christianity; I pay a few men to teach true Christianity. If your teaching of Christianity were genuine—if it insisted on the essence of the religion, there would be no need for me to do anything; but as you ignore the essential thing I take measures to get it emphasized." This retort might be in fact the subject of one of the lectures, pointing out how the existing machinery for teaching Christianity does not teach it, and how the paganism which cloaks itself with the name actually goes to the extent of asking for a divine blessing to help them in breaking the divine injunctions.

I am busy now revising *First Principles*, which I shall probably be able to complete some two months hence. Three months from now if I live will see me at my eightieth birthday, and though the book will not be quite through the press by that time yet I shall be able appropriately to date the preface on the 27 April 1900; notifying that I commenced the Synthetic Philosophy nearly at the same day in 1860; so that I shall have the satisfaction of giving the finishing touches to it forty years after it was commenced. You will I doubt not congratulate me on the occasion.

I hope that you in common with Mrs. Carnegie and the little girl are flourishing physically as in other ways.

Sincerely yours,

HERBERT SPENCER

The purpose Spencer had in mind Carnegie subsequently carried out on a scale that his adviser hardly foresaw. Another anti-militaristic proposal, however, Carnegie gracefully put aside. At the time suggestions were being requested from all sources as to the best way of expending his millions for the public good. Spencer quickly responded with a definite proposal. The old man's sympathetic heart kept returning to the Boers, and the desperate plight in which they would find themselves at the end of the war. He wrote suggesting that Carnegie spend \$1,000,000 to help re-establish the Boers on their farms.

To Herbert Spencer

10th October, 1900.

Skibo Castle,
Ardgay, N. B.

MY DEAR MASTER,

You do not feel for the Dutch Patriots who have suffered for their country more keenly than I; of this I am very sure, but any action on my part would be resented, and I think properly resented, as most impertinent.

It is all very well for you, a citizen of Britain, to feel your country's crime, as I, an American citizen, feel that our Republic has been equally guilty, but for a Briton to say that in regard to America and to send money to the Filipinos, who in my opinion are patriots, would give great offense, and injure the people it was desired to benefit. In like manner if I, an outsider, were to send money to the Boers, it would only embitter the racial quarrel between the Dutch and British. I am sure when you think it all over that you will see that this would be the case.

I wrote an article for the *North American Review*,* of which you will soon see a copy. I had pleasure in thinking when writing it that you would approve, also Mr. Morley. It is a source of deep satisfaction to me that you two men see and feel as your humble pupil.

A. C.

The completion of the Synthetic Philosophy, in 1896, was regarded as a momentous event in the intellectual world. Spencer, as he writes Carnegie, had spent forty years in the laborious evolution of his eighteen volumes, thus successfully accomplishing a task which, when the programme was originally announced, was regarded as beyond the capacity of the human mind. One of the spiritual satisfactions of the United States is that its support and sympathy largely contributed to this achievement. That America was ever present in encouragement, while Great Britain and other nations displayed the most languid interest, were circumstances that

*"Presidential Election—Our Duty, Bryan or McKinley," *North American Review*, October, 1900.

had sunk deeply into Spencer's sensitive nature. In 1865, practically forsaken by English subscribers, worn out by poverty and illness, he issued a public statement that the enterprise had been abandoned; after the completion of the *Biology*, no more volumes would be issued. Immediately there came a gift from his American admirers of \$7,000, a windfall which, combined with a small legacy opportunely received, enabled him to resume the work. This kindness Spencer never forgot, and publication of his ultimate volume found him in a more conciliatory frame of mind toward Americans than toward his own countrymen. Both nations wished to commemorate the event, and both in the same way. Carnegie headed a group requesting Spencer to sit for his portrait, to be placed in the Carnegie Institute at Pittsburgh. Simultaneously a group of distinguished Englishmen made the same proposal in behalf of the National Portrait Gallery.

From Herbert Spencer

2 Lewes Crescent,
Brighton.

16th December, 1896.

DEAR MR. CARNEGIE,

I respond sympathetically to the remark made in your last letter, that the Americans have a claim on me. It was largely the consciousness of this claim, joined with the consciousness of your personal claim, which prompted my assent to your proposal respecting the portrait. Thirty years ago they displayed their appreciation in a very substantial manner; and more than once since, privately as well as publicly (for long ago there came munificent offers of aid which I declined), this appreciation has been shown. Hence I am bound to yield to any suggestion on their behalf such as that which you have made.

No such feeling sways me in meeting the proposals made here. I forthwith threw cold water on the suggestion of a public congratulatory address; and I have also stopped the action of those who were making preparations for a subscription portrait, by intimating to them that I should decline to sit; the reason assigned being that the raising of funds for such purposes has become an

abuse, and that I would not have known and unknown persons asked to tax themselves to pay the artist. Added to this, there was, however, the unassigned reason that a compliment at this late period of my life, from countrymen who have so long been neglectful, is unacceptable.

The execution of my work has not been furthered, but on the whole hindered, by the English public. Time after time, during early years, I should have sunk under my difficulties, and my task would have remained unaccomplished, but for accidental aids—the bequests coming to me from relatives. Critics usually met me either with antagonism or with indifference, or else “damned me with faint praise.” In illustration I may name the fact that a leading literary journal, *The Spectator*, disposed of *First Principles* in a score of lines of small type among its notices of third rate or ephemeral books. From the date of *Social Statics* (1850) twenty-three years elapsed before one of my books was noticed in *The Times*, and the *Edinburgh Review*, supposed to be the highest critical authority, wholly ignored me until 1884, and then, after thirty-four years’ silence, gave currency to a contemptuous article on *First Principles* by Lord Grimthorpe. These, perhaps, are extreme examples, but the discouraging character of the treatment I experienced during many years is well shown by the circumstance that when, in 1879, there appeared a really appreciative review of the *Data of Ethics*, I wrote to the reviewer, thanking him for giving a succinct account of the ideas contained in the work.

You will readily understand why, after having struggled through my difficulties—after having during sixteen years of my career as an author, continued to fritter away my small resources until I was nearly stopped by impending ruin—after having, as soon as my books began to pay, spent all the surplus beyond my stinted personal expenditure, on the *Descriptive Sociology*, until I had sunk between £3,000 and £4,000 (over £4,000 if interest be counted), for all which I received no thanks—after having, since that date, met with little more than tepid approval, you will, I say, understand why, now that the toil persisted in, in spite of shattered health, is at last over, I do not look with satisfaction on these proposed expressions of applause. In my seventy-seventh year, these long postponed marks of honor have no attraction for me. I think

of the British public much as Dr. Johnson thought of Lord Chesterfield.*

But, as already said, my feeling toward the Americans is widely different. The sympathy and helpful efforts of my friend Youmans,† shown from the beginning and persisted in till his death, as well as the cordial public sentiment initiated by him and from time to time displayed, have made it imperative on me to show a grateful recognition in any way that occurs; and probably hereafter it will be seen that I have expressed this feeling with sufficient distinctness.

Sincerely yours,
HERBERT SPENCER

To Herbert Spencer

January 5th, 1897.

MY DEAR MR. SPENCER,

First, wishing you the HAPPIEST OF NEW YEARS, I crave your indulgence to reply to your letter of December sixteenth.

I hope you will reconsider the whole matter, and come to the conclusion that, the greater the neglect shown by your fellow countrymen, the higher the tribute to what you laid before them. You had a message so far in advance that recognition was not to be expected. When have the Prophets not been stoned, from Christ down to Wagner? Crazy, enthusiastic, or madmen all of them. Take the philosophers, from Socrates, or before Socrates' time, Plato to Spencer, the martyrs to Science, from Bruno, Galileo, Copernicus.

Why, my dear friend, what do you mean by complaining of neglect, abuse, scorn? These are the precious rewards of the teachers of mankind. The Poets fare no better. The mighty poets who

*The reference is to Dr. Johnson's famous letter to Lord Chesterfield. His Lordship treated the lexicographer with indifference and disdain in his early years. When the publication of the Dictionary promised to become a great event, Chesterfield intimated that a dedication to himself would be acceptable. Johnson's manly letter repudiating the suggestion followed.

†Edward L. Youmans (1821-1887), the American chemist who was a lifelong friend and correspondent of Spencer, and who played a leading part in popularizing his work in the United States.

have messages to deliver, from Homer to Burns and my friend Matthew Arnold—yes, my friend Matthew Arnold, who struck down miracles. To be able to call him and you friends is my greatest privilege.

I could wish that you had been imprisoned, tortured on the rack. This would have been no greater reward than is your due. The Philosopher who is sensitive to contemporaneous criticism is a new type, and I do not wish you to pass into history as its founder.

Let me urge you to go carefully over every word you have written which shows other than a spirit of deep gratification at the neglect, scorn and abuse which you have had to suffer. Your attitude toward ordinary things should be that of lofty pity and anxiety for their reaching the light by and by, which you have discovered and in which you rest . . .

The "Cheddar vs Cheshire" cheese story will pass into history, and prove that you are not altogether a "Brooding God" but something also of the human. But, my belief is, that one word showing disappointment, or, may I say resentment, of the treatment you have received from your countrymen, will detract very much from the loftiness of our Guide, Philosopher and Friend. Do think over this.

You do not say how Mr. Oules is getting on with your portrait, for which we are all looking forward so anxiously.

Mrs. Carnegie is at our country house just now. I am in the City for a day or two clearing up affairs. I go to her this afternoon, however. If she were here I know she would join me in the most cordial wishes. Always your humble but grateful disciple,

ANDREW CARNEGIE

"I have had to yield," Spencer wrote Carnegie on January fourth. "A few days after I wrote you there came to me an address of congratulation bearing over eighty signatures, including those of men of eminence in various spheres, political, scientific, literary, &c, joined with a request that I would sit for a portrait. I had not anticipated anything so influential, and found myself in the predicament of having either to abandon my resolution or else to slight, in a marked and public way, numerous men whom I have every reason to respect, and bring upon myself condemnation as

ill-mannered and perverse. So I have had to accept the proposal along with the congratulations."

The outcome was unsatisfactory. After many delays, the portrait painted for the National Gallery, by von Herkomer, was finished, but Spencer did not like it, and critics and friends thought it inadequate. It was not placed in the National Gallery. The picture for the Carnegie Institute, to be painted by Walter W. Ouless, R. A., was not even begun; Spencer's ill health so interfered with projected sittings that the plan was abandoned.

An impression prevails that Carnegie provided for Spencer in his last days—an impression, however, that is erroneous. The royalties from his writings made the philosopher entirely comfortable in his Brighton home. The relations between the two men were personal; and it is apparent that Carnegie, in these closing years, was much in Spencer's thoughts. Carnegie was one of the friends whom Spencer requested to be notified of his death, and there was considerable discussion of a suitable keepsake. A brass-bound writing desk was ultimately decided on. One of Spencer's last letters—and it was a cry *de profundis*—was addressed to Carnegie.

From Herbert Spencer

5 Percival Terrace,
Brighton.

18 September, 1903.

MY DEAR MR. CARNEGIE,

The Why?, and the Why?, and the Why? are questions which press ever more and more as the years go by; and time passed wholly in bed, save when on occasion, being rather better, my nurse helps me stagger to the sofa, gives abundant opportunity for them.

If means of locomotion sufficed to carry me to Skibo without jolts—if Mr. Spencer's air ship had been sufficiently perfected,* which one may dream of but nothing more—I should have liked to join John Morley in seeing your feudal stronghold! . . .

Sincerely yours,
HERBERT SPENCER

*Mr. Percival Spencer (1865-1913), English aeronaut, who several times crossed the Channel by balloon.

Spencer died December 8, 1903; immediately a demand arose that a memorial of England's greatest philosopher be placed in Westminster Abbey. The names signed to the petition to the Dean, who alone could grant the request, included many of the most eminent in Great Britain, not only scientists, educators and statesmen, but several clergymen of outstanding importance. Carnegie, eagerly scanning the list, noted that one distinguished leader was absent. Why had John Morley not endorsed this proposal?

To John Morley

*Splendide Hôtel Royale,
Aix les Bains,
April 10, 1904.*

MY FRIEND:

I hear you refuse to ask that Spencer's bust be placed in Westminster Abbey. Consider. Byron is there. "All we know is nothing can be known," he held.

*"Till man shall learn in vain his victim bleeds;
Poor child of doubt and fear whose hope is built on Creeds."*

That's Byron. Tennyson is there who voted "No" to this. Read Knowles on Tennyson's view. "Is there evidence of a beneficent Government of the world?" I forget whether Darwin was admitted. I think he was. Isn't Hume commemorated there? I think so.

At all event if Spencer enters the Abbey it is not to worship but to be worshipped. His ideas have come to their kingdom.

You will find many signers among Oxford and Cambridge scholars. Yes and students of Divinity withal! You will yourself no doubt be one of the Immortals in the Abbey, not because you had not risen above what Lady Balfour called "*Damnable Theology*" (she did so to me), but because others had also cast it off who see in Westminster the National Valhalla and have power to cause the less advanced to open its gates. Spencer would stand holding not the narrow and absurd Christian scheme of salvation through grace, but as revealer of the eternal laws, neither knowing wrath nor pardon. He would stand marking the triumph of "the energy



HERBERT SPENCER (1820-1903)

(*Keystone View Co.*)

which pervades all things, making all better." He captures the Abbey, it doesn't catch him. Do think this over; the idea of Christian ideas enveloping Spencer in the Abbey and obscuring his gospel causes a smile. They crumble into dust whenever his noble faith enters, and the highest and best of the race, as they saunter round the Abbey, will point to him and say, "There is the teacher of what we believe and whom the mass is gradually to reach! Here is Religion, true and high religion enthroned, and around lie the wrecks of Theology."

I do think John Morley's name should be added to the request. The British are said not to know when they are whipped. You don't seem to me in this case to know when we have whipped the enemy. If only Westminster Abbey lifts up its gates that the new and better may enter in—and its apostle be honored! . . .

Regards to Madam,
A. C.

From John Morley

Flowermead, Wimbledon Park.

April 13, 1904.

Your letter about the Abbey, my good friend, is eloquent and cogent, and I need not say that it would naturally count for much with me. My case is simple enough. It is this. If I were a member of the Church of England, and Dean of Westminster, I would not allow a memorial to be set up within my walls in honour of a man who publicly represented, and persuaded many thousands of other people all over the English-speaking world to believe, that my church rested on a pack of presumptuous nonsense. What I should not, and could not, blame the Dean for refusing, I will not ask him to do. What I care for is that there should be straightforwardness and integrity in religion. Nobody now alive is more tolerant than I am, but I don't consider it any breach of the law of tolerance for a clergyman to decline to turn his temple into a place of honour for a man who taught, and who founded his system, on a definite denial of all that he and his temple exist to affirm. Such proceedings are a mockery. The French secularised one of their temples as a Pantheon, but who would dream of setting up a bust of Voltaire, Diderot, &c in Notre Dame?

Hume is *not* in the Abbey. Darwin is, and both Spencer and I saw him laid there. But Darwin did not make the overthrow of Christian theology any part of his business. Spencer undoubtedly did—and I need not tell you that I for one greatly value and approve this overthrow, and would pay him all honour for it. But how can I ask a set of Christian clergymen to join in paying him honour? To do so would be to make the whole thing a piece of insincerity, and Spencer is the very last man of all that I have ever known whom I should like to associate with insincerity in any shape.

I have no sort of feeling about the matter, beyond the above, and I didn't know that my refusal was ever noticed. I've never said a word about it, except to the gentleman (a stranger to me) who asked me, and to one other man of whom I'll tell you when we meet. But sign the request to the Dean I really cannot—much to my regret. Thanks for yours.

You got the letter I wrote to you at the Splendide a few days ago?

Ever your faithful friend,

J. M.

Is Byron there?*

2

MORLEY's views prevailed; the Dean of Westminster vetoed a memorial to Herbert Spencer in the Abbey; yet the letters have a personal interest, for they disclose Carnegie's attitude toward religion and "The Why?" about which Spencer wrote him so despairingly. In talk Carnegie was accustomed to discuss theological dogma with a vehemence that sometimes gave a false impression concerning his genuine beliefs. Stories of his unrestrained denunciation of outworn creeds, even in the presence of men and women who still clung to them, are plentiful, yet any impression that his attitude was an irreverent one is beside the fact. His deepest convictions on destiny and the nature of the divine would hardly shock the most conscientious and thoughtful person today. In this, as

*Of course Carnegie was in error. Byron is buried at Hucknall-Torkard, near Nottingham, and several attempts to erect a bust to him in Westminster Abbey have failed.

in so many other matters, he was merely ahead of his epoch. Carnegie has left, in permanent and dignified form, what, for want of a better word, may be called his "creed." The first address which he prepared in 1902, as Lord Rector of St. Andrews, and which, because of pending theological excitements, he refrained from delivering or publishing, may be taken as the most illuminating summation of his religious beliefs. A few paragraphs extracted from this paper, addressed to young men, are sufficient for the purpose:

. . . At this period of my life [early days in Pittsburgh] I was all at sea. No creed, no system, reached me, all was chaos. I had outgrown the old and had found no substitute. Carlyle's wrestlings will give you an idea of my condition. Here came to me Spencer and Darwin, whom I read with absorbing interest, until laying down a volume one day I was able to say, "That settles the question." I had found at last the guides which led me to the temple of man's real knowledge upon earth. These works were revelations to me; here was the truth which reconciled all things as far as the finite mind can grasp them, the alembic which harmonized hitherto conflicting ideas and brought order out of chaos; what the law of gravitation did for matter, the law of evolution did for mind. I was upon firm ground, and with every year of my life since there has come less dogmatism, less theology, but greater reverence.

It is greatly to be deplored that we have been compelled to hear much of an alleged warfare between science and religion. Undoubtedly science has caused and is still to cause many changes in theological ideas, but my experience is that science has been the handmaid of the religious sentiments; for the province of science is the discovery of what is true, and what is true in science can never be antagonistic to what is true in religion, for truth is one harmonious whole. This was, very naturally, not recognized in days past, before investigation was scientific. Religion, wisely conservative, assumed the defensive attitude and imagined danger in every discovery. Thus when science discovered the Copernican system, for instance, the Pope decided that this was warfare on religion; and so with every successive discovery down to those of evolution and the descent of man, timid souls who know not that the religious

element is inherent in man have always feared its destruction. This was because these mistaken men thought that religion depended upon the scientific truth of the Mosaic account of Creation, such allegories as the Garden of Eden and the Fall of Man, or upon recorded Miracles, while it reposes in imperturbable security upon much deeper foundations, and would exist had Moses never written or had the whole Bible been lost in the Dark Ages. Matthew Arnold's words are conclusive. The case against miracles is closed. "They do not happen." The religious sentiment is indigenous in every man in every part of the Earth and will germinate as he advances; if he exists it must exist. It is only theology—man's dim, distorted, and in some instances, debasing misconceptions—that has to move on as more knowledge comes to us; religion lies under the troubled surface in still water pure and deep . . .

I knew that the material my teacher supplied destroyed the superstitions of theology and produced in me purer, nobler, more reverent religious feelings than I could ever reach before. Judge of Spencer, gentlemen, by the raw material with which he closes his "Ecclesiastical Institutions":

"One truth must grow ever clearer, the truth that there is an Inscrutable Existence everywhere manifested to which he can neither find nor conceive either beginning or end. Amid the mysteries which become the more mysterious the more they are thought about, this rule remains the one absolute certainty: that he is ever in presence of an Infinite and Eternal Energy from which all things proceed."

I believe in the thousands of years to come this passage is to stand as one of the most sublime utterances of men . . .

We have been dealing so far with this life and you are perhaps wondering what of immortality, the life beyond?

There is a clear answer to the inquiry. We have here an everlasting indestructible universe, not an atom ever destroyed. We have been placed in this world, we know not why or how. There would be no violation of the known law should we be ushered into another world as we have been into this, nor in our being endowed with everlasting existence like the universe of which we are a part.

No greater wonder that we meet in another world hereafter than that we are met in this world now. The man who proclaims that there is a life beyond, as far as science or the reign of law speaks, has equal warrant for this statement with the man who states there is none. Here lies the foundation of everlasting hope, and it is a solid foundation. Neither the one man nor the other can prove his contention. It is a matter of faith. To the most devout there come seasons of anxious doubt, not because there is not longing for immortality, but because the hope is so entrancing, we tremble, fearing sometimes that it is too good to be true.

I have known personally only one great man over whose mind the shadow of doubt never passed, although his theology changed, as those of you know who have read his recent essays on Bishop Butler. This was Mr. Gladstone. How different from another of the great, his friend Tennyson, who, we know, had seasons of deep anxiety, and concluded that "there lives more faith in honest doubt than in half the creeds." If there was a man to be envied in the world in this respect it was Mr. Gladstone, in whom the light failed never.

How beautifully Socrates through Plato places this glorious hope before us after describing the future life: "To affirm positively indeed that these things are exactly as I have described does not become a man of sense: that something of the kind takes place with respect to our souls and their habitations—since our soul is certainly immortal—this appears to me most fitting to be believed, for the thought is noble, and it is right to allure ourselves with such thoughts as with enchantments."

We may in our day be dwelling too much upon the life beyond in the future to the neglect and detriment of life here in the present. I think we are. Here in this life all our duties lie, none has yet been given us pertaining to another for which we hope. Obviously the business in hand is to attend to these duties. Rector Sir Stirling Maxwell* quoted part of the noted passage of Confucius in his address: "To perform the duties of this life well, troubling not about another, is the prime wisdom." . . .

*Sir William Stirling-Maxwell (1818-1878), Scottish historian, Lord Rector of St. Andrews, 1862.

You will thank me for recalling to your memory in this connection a few additional lines from Arnold, which are cherished by me as the quintessence of religious wisdom. They are lines of dogmatic assertion and of reply—worth a thousand disputations.

*Hath man no second life? Pitch this one high.
Sits there no judge in Heaven our sin to see?
More strictly, then, the inward judge obey.
Was Christ a man like us: Ah! let us try
If we, then, too, can be such man as He.*

Chapter XIII

A VISIT TO THE KAISER

1901-1910

ONE person who carefully read Carnegie's first St. Andrews address was the German Emperor. It evidently had a stimulating effect upon the excitable philosopher of Potsdam. The flattering comments on the rise of German industry and the optimistic forecast of the future of the German people—what sentiments could fall more gratefully on the imperial ear? Carnegie's insistence that the federalization of Europe was the one effective way of meeting American competition likewise interested His Majesty, who had long, in his exalted moments, toyed with this enthralling vision. Probably the personal references were not displeasing.

"‘A great man has arisen in England, Sire, called Cromwell,’ said Richelieu to the King”—so ran Carnegie's tribute. “We might say: ‘A great man has arisen in Germany, the Emperor.’ It is impossible to follow his doings without feeling that here is a personality—a power, potent for good or evil, in the world. So far he has given Germany a much needed stimulus to industrial action; both on sea and land his influence has been decisive. The German ships are first in speed upon the Atlantic. The inland watercourses of Germany, according to his plans, are soon to play a more important part in her internal development. She is now second in the world as a manufacturer of steel, which means much, since that is the basic element of a thousand articles; and her product of iron is soon also to be second. The Emperor's head and hand, heart too, are in all these triumphs. He is at once the Emperor and the vital force of the Empire. One wonders whether, after having proved the efficiency of the German constitution, he may not devote himself to its further extension. All that Germany has gained by consolidation into an empire, Europe would gain, and more, if merged

into one. A combination of the German and American constitutions, satisfactory to most if not all European nations, seems not impracticable, and the union only of the most important is required to insure peace."

The response to these agreeable phrases was immediate. Soon after Carnegie's return to America, in the autumn of 1902, there came a call from Albert Ballin, one of the Kaiser's closest friends and the man chiefly identified with the development of German shipping. Herr Ballin brought the Emperor's thanks for the St. Andrews address, and presented a copy of one of his master's writings in return. Carnegie's ideas on Germany, said the imperial emissary, had greatly interested William II; they set forth many conceptions which the Emperor wished to discuss in detail. The purpose of Herr Ballin's call was to extend an invitation for a private meeting the following summer. Carnegie was flattered, but nothing came of the suggested interview at the time, though his letters for the next two or three years contain occasional references, now jocular, now serious, to the friendly latch-string proffered from Berlin. "I declined the first invitation," he writes Morley, June 7, 1903, "but the President [Roosevelt] wrote that he hoped I would reconsider, as he was in a position to say that H. M. the Emperor wished to make my personal acquaintance, etc., etc. I thought it my duty to go, as I might have a chance of a few words with him bearing on peace, etc., and here came a letter from the Russian Ambassador at Washington; he had been charged by the Emperor of Russia to express his deep appreciation, etc. of my gift to Hague. Now if you and I were the two Emperors what an alliance we'd have! A bad mistake; we should have been in their places." "I look forward with great pleasure to meeting His Majesty some day," Carnegie wrote Albert Ballin, "one of the few really great men in the world I am anxious to meet. We must arrange later. Thank you for your kindness."

There was a charming informality about Carnegie in his relations with royal personages. To the author of *Triumphant Democracy* an imperial wish never assumed the proportions of a command. On September 24, 1903, there came a letter from Mr. H. Percival Dodge, American chargé in Berlin, reporting a visit just received from the Hofmarschall. "He informed me that the

Emperor would be at Hubertussock, a hunting lodge, from the sixth to the fourteenth of October, and at Neues Palais (Potsdam) from the fourteenth to the twentieth of October, both places being easily accessible from Berlin. He said that the Emperor would be able to receive you upon practically any day during this time." To this suggestion Carnegie replied to Mr. Dodge: "Thanks for your favors . . . Much as I desire and appreciate the opportunity of meeting that extraordinary man, the Emperor, it is impossible for me to come to Berlin this time, but you may be sure I shall not fail to keep the matter in mind and to communicate with you further next season and arrange a time. It is so great an honor and privilege that I consider it a duty not to miss." A line to Morley explains that more pressing engagements forestalled a visit. "The Emperor suggests that I see him at his place near Berlin where he is going for a time, but Ireland prevents. Am sorry but I can't disappoint,"—that is, he couldn't disappoint the Irish. In 1904 came another invitation, extended through Ambassador Tower, but again Carnegie could not make the trip.

Three years afterward the Kaiser opened the subject once more. Ambassador Tower wrote proposing *Kieler Woche* as an appropriate season—the regatta at Kiel in the latter part of June. "All right," Carnegie replied, "I leave the matter with you. Meet at Kiel, always provided that, after seeing the gentleman, you find that he really would be pleased. You might intimate to him that, if he would like me to come, you could arrange it." A letter to David Jayne Hill, at that time (June 12, 1907) American Minister to the Netherlands, soon to be transferred as Ambassador to Berlin, explains Carnegie's reasons for finally going to Germany: "Madam and I go to Kiel, arriving there the twentieth instant. The Emperor has invited me several times and I hear from Tower that he begins to think I don't want to see him, although I do very much indeed, and I hope to get my say, which is that I think he is the man responsible for war on earth."

2

THAT latter phrase summed up Carnegie's real purpose in visiting His Majesty. "Ere this reaches you," he wrote Samuel Harden Church, June twelfth, "Madam and I shall be at Kiel. Couldn't

put it off any longer, but I have other ends in view than merely to be presented. Wouldn't go a hundred miles for that."

In 1907 the cause of peace and universal arbitration was very much in the air; the Second Hague Conference, indeed, began its sessions a few days before Carnegie's arrival on the royal yacht. In the negotiations that had preceded this international meeting Carnegie had played a modest rôle, unofficial it is true, but none the less influential for that reason. All governments at times make use of private citizens for diplomatic ends; such go-betweens often perform a distinct service, for, holding no official posts, their representations do not commit the government; yet they are able to convey information and opinions desirable to have circulated in the necessary quarters. Carnegie had previously proved useful as such a friendly intermediary, especially, as already described, in the Venezuelan crisis of 1902; and now once more, in 1906 and 1907, he became the custodian of informal messages between Washington and the British cabinet. No other British or American citizen was quite so well fitted for the part. With the Campbell-Bannerman Government, which succeeded the Balfour ministry in 1905, he was on familiar terms. "It's a Skibo-Dunfermline cabinet," he wrote gleefully to Morley. It was a "Dunfermline cabinet" in the sense that the new premier represented Stirling Burghs, which embraced Dunfermline, in Parliament, and had been Carnegie's friend for many years. Indeed, the Carnegie-Morrison clan had played an important part in advancing Campbell-Bannerman's political fortunes. "Few finer characters ever lived," Carnegie said when news came of his death, two years afterward. "All my mature years he was a household word in my circle. Uncle Morrison went to Glasgow and induced him to stand for the Burghs and was his chairman, and Uncle Lauder was a member of his committee . . . He had real ability upon the sur-est of all foundations, a true, sincere, lovable soul." The new chancellor of the exchequer and in due course Campbell-Bannerman's successor, Herbert Henry Asquith, was the member for Fife—a constituency that adjoined Carnegie's native region; and the Earl of Elgin, Dunfermline's leading citizen, had become colonial secretary. It was a "Skibo cabinet" in the sense that nearly all its leading incumbents were Carnegie's friends and corre-

spondents—John Morley, Herbert Gladstone, Richard B. Haldane, Sir Henry Fowler (afterward Lord Wolverhampton), Lloyd George, John Burns, James Bryce—several of them being “old shoes.” More important than personal considerations, the cabinet brought to the government new conceptions on those matters of peace and arbitration which had occupied Carnegie’s mind since boyhood. In the general election it had been assailed as “pro-Boer” and “Little Englander,” and the fact that the voters, after an unusually animated and vicious campaign, had returned the Liberals by an almost unprecedented majority, apparently indicated a popular revolt from the “imperialism” that had guided the Balfour-Chamberlain régime. The late administration had spent great sums increasing the navy, its most important achievement in this direction having been the construction of the first dreadnought. Though not opposed to international conciliation, Mr. Balfour had suffered from no illusions on the German menace. Carnegie was one of those who believed, rightly or wrongly, that these preparations had gone too far, and limitation of armament on land and sea was part of the creed of the forces now in power. Naturally Carnegie glowed with enthusiasm and hope. “If I mistake not,” he wrote Morley, “Britain is to stand better before the world with such statesmen at the helm.”

It is not surprising, therefore, that the Roosevelt administration should make use of Carnegie as a channel for transmitting certain ideas to the British cabinet. With the President himself and Mr. Root, Secretary of State, he had already established confidential relations. For Mr. Roosevelt Carnegie had a warm affection and admiration, though like most men of property he felt a certain anxiety when this hard-hitting statesman reached the White House. Soon after taking office President Roosevelt wrote Carnegie, expressing a desire to discuss privately the situation in the Philippines. A few sentences, noted on the back of this letter, quite accurately disclose the mixed emotions with which, at this early date (June 13, 1902), McKinley’s successor was regarded. “If he would only act as he tells one that he feels! Plenty of good advice given and apparently taken and then some wild erratic outburst on the stump! President Eliot of Harvard summed it all up when he said recently: ‘I knew Teddy when he was a boy. I know him

now when he is still a boy, and I'll never know him anything else but a boy.' But we can't help loving him. He has high and pure ideals. A. C." Roosevelt's attitude toward Carnegie was similarly a combination of respect and distrust—not distrust of his character and intentions, but of those conceptions of peace and disarmament which the President occasionally insisted went too far. In certain characteristics—eagerness of temperament, freedom in expression that at times approached rashness, tenacity of conviction, absolute confidence in the wisdom of their own ideas, the two men were alike; and, in the matter of disarmament and arbitration, Carnegie and Roosevelt at this time (1906–1908) were not so far apart as one might think. It is a mistake to suppose that in all seasons and circumstances Roosevelt was a "first class fightin' man." One must not forget that, first of Americans, he won the Nobel prize for Peace in 1906—in recognition of his services in ending the Russo-Japanese War—and that he had recently carried on a wearisome struggle with the Senate for sane and honest arbitration. Nor was Carnegie, as will appear, an impractical doctrinaire and impossible idealist. "One thing at a time," he wrote the President—the "one thing" in question being arbitration. That, before the failure of the Hague Conference, Roosevelt was content to maintain the American navy at its comparatively modest strength, making only those additions which would compensate the loss from obsolescence, and that he was opposed to the building of dreadnoughts and would limit the size of battleships to 15,000 tons—these facts appear in his correspondence with Carnegie, who was the medium for transmitting informally this point of view to his friends in the Liberal cabinet. All through these letters Roosevelt's sincere desire for self-respecting peace and for some attainable system of arbitration is apparent.

To the President

Achinduich Lodge on the Hills

July 27, 1906.

DEAR MR. PRESIDENT:

Lest you miss it, I enclose the Prime Minister's speech to the Inter-Parliamentary Conference.

Your last note was so important that I sent it to Morley to show

the Prime Minister. He did so and it was afterward read to the Cabinet. Morley writes: "Your note from T. R. made a good point in the Cabinet. The Prime Minister will make a magnificent declaration Tuesday to the Inter-Parliamentary Conference." So your note influenced the situation. The Cabinet has resolved upon a serious attack on militarism. Twenty thousand men less in army and *last year's* programme in the navy to be reduced one ship out of four. This *reversal* is notable. Their own programme next year will be drastic.

You may rest assured that your policy and your lead will be welcomed and followed. Mr. Root sent me in confidence a copy of the correspondence with Russia re Hague Conference showing that you had not forgotten to instruct him as per your note. This I sent to Morley, because Root said I "might show it to our English friends." It was very welcome. Sir Edward Grey, Foreign Secretary, notes: "This is good news" on the margin. The Cabinet is a unit on your policy. It seems the English-speaking race is to speak as one at The Hague. France as you know will coöperate. The Entente Cordiale is complete. Sentiment at present would compel Britain to join with France if she were attacked. With these three (our sister Republic, dear France, one) the outside and less advanced world might hear something drop one of these days—and you might be the dropper, who knows? So the great drama of Humanity proceeds. What a relief it must be to you, harassed, as Presidents must be under our faulty system, with petty political and personal affairs, to mount into the high arena of world problems and, as in this instance, lead mankind to a higher civilization, the only sure passport to enduring fame. Petty things worry; great problems exalt and rest. Pray don't forget that you are called upon to lead in the world's work . . .

Always sincerely yours,
ANDREW CARNEGIE

From the President

Oyster Bay, N. Y.,
August 6, 1906.

MY DEAR MR. CARNEGIE:

Your letter is most interesting. Do you know, I sometimes wish that we did not have the ironclad custom which forbids a Presi-

dent ever to go abroad? If I could meet the Kaiser and the responsible authorities of France and England, I think I could be of help in this Hague Conference business; which is now utterly impossible, and as facts are, unadvisable. In any such matter the violent extremists who favor the matter are to be dreaded almost or quite as much as the Bourbon reactionaries who are against it. This is as true of the cause of international peace as it is of the cause of economic equity as between labor and capital at home. I do not know whether in the French Revolution I have most contempt and abhorrence for the Marat, Hébert, Robespierre and Danton type of revolutionists, or for the aristocratic, bureaucratic and despotic rulers of the old régime; for the former did no good in the revolution, but at the best simply nullified the good that others did and produced a reaction which reënthroned despotism; while they made the name of liberty a word of shuddering horror for the time being.

I hope to see real progress made at the next Hague Conference. If it is possible in some way to bring about a stop, complete or partial, to the race in adding to armaments, I shall be glad; but I do not yet see my way clear as regards the details of such a plan. We must always remember that it would be a fatal thing for the great free peoples to reduce themselves to impotence and leave the despotisms and barbarisms armed. It would be safe to do so if there was some system of international police; but there is now no such system; if there were, Turkey for instance would be abolished forthwith unless it showed itself capable of working real reform. As things are now it is for the advantage of peace and order that Russia should be in Turkestan, that France should have Algiers, and that England should have Egypt and the Soudan. It would be an advantage to justice if we were able in some way effectively to interfere in the Congo Free State to secure a more righteous government; if we were able effectively to interfere for the Armenians in Turkey, and for the Jews in Russia. But at present I do not see how we can interfere in any of these three matters, and the one thing I won't do is to bluff when I can not make good; to bluster and threaten and then fail to take action if my words need to be backed up.

I have always felt that our special peace champions in the United

States were guilty of criminal folly in their failure to give me effective support in my contest with the Senate over the arbitration treaties. In this contest I had the support of certain Senators, headed by the very best man in the Senate—O. H. Platt of Connecticut. But the Senate, which has undoubtedly shown itself at certain points not merely an inefficient but often a dangerous body as regards its dealings with foreign affairs, so amended the treaties as to make them absolutely worthless. Yet there were some people—including, for instance, a man named Love or Dove, who is the head of the peace conference that meets at Lake Mohonk—who in their anxiety to get anything, no matter how great a sham, and in their ignorance of the fact that foreign powers would undoubtedly have refused to ratify the amended treaties, declined entirely to give me any support and thereby committed a very serious wrong against the cause of arbitration . . .

At The Hague I hope we can work hand in hand with France and England; but all three nations must be extremely careful not to get led off into vagaries, and not to acquiesce in some propositions such as those I am sorry to say Russia has more than once made in the past—propositions in the name of peace which were really designed to favor military despotisms at the expense of their free neighbors. I believe in peace, but I believe that as things are at present, the cause not only of peace but of what is greater than peace, justice, is favored by having those nations which really stand at the head of civilization show, not merely by words but by action, that they ask peace in the name of justice and not from any weakness.

With warm regards to Mrs. Carnegie, believe me,

Faithfully yours,

THEODORE ROOSEVELT

To the President

Skibo Castle,

Dornoch, Sutherland.

August 27, 1906.

MY DEAR MR. PRESIDENT:

Your valued favor of 6th duly received. Sir Edward Grey, Foreign Minister, has read what Secretary Root sent me and is full of

sympathy with you. Mr. and Mrs. Morley have been with us for two weeks. Mr. and Mrs. Bryce (Irish Secretary) are now here. Never was there a British Cabinet so keenly favorable to peace and so anxious for coöperation with America, and especially with you; you have won their entire confidence.

I agree with you about disarmament. It will be found difficult to formulate a satisfactory plan. Probably all that can now be done is to agree not to exceed the present "Dreadnought" standard . . . The Conservative Party for past twenty years has spent enormous sums upon the army and navy. The Liberal Cabinet intend to save, whether Powers do or not. They admire your position—no increase.

Your declaration that you do not seek to increase the present navy but only to maintain it efficiently will be the great force making for agreement and will have its effect even if no formal plan of disarmament be adopted . . . One cannot think over the subject of war without coming to the "League of Peace" idea as the easiest and best solution. Campbell-Bannerman favors it, but it is you who could formally propose it as representing the only great power free from international jealousies.

Suppose you proposed something like this: "We, the representatives of our respective nations, are authorized to intimate that our Governments strongly favor the submission of international disputes to the arbitration of The Hague or other Tribunal, and will view with disfavor an appeal to force until an offer to arbitrate has been made and rejected. Should an offer to arbitrate be made by one of the parties to a dispute and rejected by the other, the powers we represent will consider heavy beyond measure the responsibility thereby assumed by the refuser of said offer.

"In their opinion, such power will have disturbed the peace of the world without first having exhausted all means at its disposal to prevent a common calamity, shared in greater or less degrees by other powers."

In my Canadian tour I often pictured our English-speaking race as some day to be so powerful as to be able to give to the world what the Scotch would call, in the Churches, an "*in-tim-a-tion*" that an appeal to arms would be highly distasteful to that power (our race), which by raising its arm could compel peace. This was

always loudly cheered. As signers of such an "intimation" we might expect America, Britain, France, Italy, Switzerland, Belgium, Holland, Spain, Portugal—a formidable list.

Even such a friendly "intimation" could not fail to have a powerful effect upon the non-signing powers, and the power declaring war would be placed in the wrong before the world. "Benevolent neutrality" would naturally be exercised on behalf of the offerer of arbitration. The refusing power might be narrowly dealt with . . .

I wish, as you do, that you could appear in person and meet your double (in some ways) the Kaiser. He has appointed two meetings for me, through Ambassador Tower and Mr. Ballin—his great steamship and industrial adviser—saying he has read every word of my first Rectorial address, dealing with the present and future of nations. Like you I have wished to have a talk with him as being the great power in Europe. I should urge him, as I do you, to take up with each other arbitration of international disputes. One thing at a time. The situation is favorable for giving arbitration a great push ahead just now. The man who passes into history as the chief agent in banishing or even lessening war, the great evil of his day, is to stand for all time among the foremost benefactors. Mere force will be lightly thought of in future centuries. Only as the strongest apostle of peace of your day you can take permanent rank with the very few immortals whom the tooth of time is not to gnaw into oblivion. I envy you when I think over the destiny you may fulfill . . .

Always very truly yours,
ANDREW CARNEGIE

From the President

Oyster Bay, New York
September 6, 1906.

Personal

MY DEAR MR. CARNEGIE:

I have your letter of the 27th ultimo. I shall at once go over with Mr. Root whether it is possible to make some such proposal about arbitration as you suggest. Meanwhile I have been thinking

more and more that we might at least be able to limit the size of battleships, and I should put the limit *below* the size of the Dreadnaught. Let the English have the two or three of the Dreadnaught stamp that they have already built, but let all nations agree that hereafter no ship to exceed say fifteen thousand tons shall be built. I am inclined to think that, although not a very large, this would be a very real advance, and it is possible that the powers would agree to it, for surely they must be a little appalled by going into an era of competition in size of ships. Germany, which, as you know, has been extremely lukewarm in all Hague matters, might be inclined to agree with us in limiting the size of battleships, because her coasts are shallow and it is a disadvantage to her to have to build large ships.

With warm regards to Mrs. Carnegie,

Sincerely yours,

THEODORE ROOSEVELT

Peaceful as the new British Government was, the President's suggestion for abolishing dreadnoughts and limiting the size of battleships to fifteen thousand tons did not prove acceptable. On the above letter Carnegie has pencilled the following observation: "The President gave me a letter to show British Cabinet urging this. Alas! Britain declined, with the result that Germany and other nations that had very small navies indeed started evenly with Britain and built Dreadnoughts." One reason for this British refusal was the knowledge that Germany would never agree to such restrictions. That the Kaiser had been definitely sounded on this point and had rejected the suggestion appears from a letter of Carnegie's to Ambassador Tower, presently to be quoted.

3

THE more Carnegie thought about the European situation the more his mind returned to the same point: that the issue of peace or war depended upon one man, and one man only—the German Emperor. This conviction he was constantly expressing in talks with friends and in his letters. The fact that Germany was the world's greatest military power necessarily gave her the leadership in advancing the cause of peace; such proposals from the Kaiser

clearly would not be inspired by fear, or the hope of unfair advantage, suspicions that inevitably attached to the approaches made by weaker nations. "Thou art the man!"—such was the remark levelled by Carnegie at the Kaiser, in these identical words, over and over again. By January, 1907, a possible plan of operations had taken definite shape. The details were not original, Carnegie having found his inspiration in a speech made by Campbell-Bannerman in 1905. "What nobler rôle," said the British premier, "could this great country assume than at the fitting moment to place itself at the head of a League of Peace through whose instrumentality the great work of peaceful arbitration could be effected?" That phrase, "League of Peace," immediately launched Carnegie's thoughts in familiar channels, especially as the idea was enlarged upon by Campbell-Bannerman to him in private conversation. At times he used the British statesman's expression; at other times he preferred "Council of Nations"; while now and then, with amazing prescience, he called the proposed universal combination a "League of Nations." In a letter written Morley on his departure for Kiel, Carnegie used this now familiar designation twelve years before the world, after the most terrible blood-letting in history, had acquired such an international body for promoting justice and peace. "I told our Ambassador that I would go only if H. M. really wished the interview after my speech putting the Peace of Nations on him. He really is responsible. No other man has the power to draw a League of Nations competent to keep the peace for an agreed upon period just as an experiment. Even if the nations didn't accept, he holds the stage as the world's apostle of peace. He couldn't be held up by anyone as not having proved his apostleship. It is this point which I hope may impress him. A real Great Statesman must like to have a game of 'heads I win—tails you lose.' He has the cards. May the 'holy spirit' light upon him and lead him heavenward. Fortunately he's very devout—very. He sent me his address to his son upon his consecration and it wouldn't discredit a holy father of the Catholic Church. Well never was holy father more convinced of his Mission than I am of mine. I know I offer His Imperial Majesty the plan that makes him the Greatest Agent known so far in human history."

Thus in one important respect the League of Nations proposed

by Carnegie in 1907 differed from the plan subsequently adopted at Versailles, for his was to have the Kaiser as inspirer and chief—an idea that was hardly worth considering when the world eventually came around to the scheme. It varied also in another detail. Those who are disposed, as was President Roosevelt at times, to regard Carnegie as a visionary, should note that, in one essential, his League was an extremely practical organization. He insisted on providing it with an army and navy to enforce its decrees. The weakness of all arbitration courts, he said, was their inability to make their judgments observed. Carnegie, pacifist though he was, intended to endow his League with soldiers to compel obedience to its decisions and to make insubordinate states behave. "An international police," he wrote President Roosevelt February 14, 1907, "should really be the aim of the next Hague Conference. If the German Emperor would rise to his destiny and stand with you favoring this, instead of pegging away, trifling over petty questions!—chasing rainbows in the form of a colonial empire which he cannot get, and which would do Germany no good if he did." "When next you are here," Roosevelt replied, "be sure you give me the chance of having you at lunch or dinner, and then I will talk over with you your letter . . . It seems to me that you have fundamentally the right idea, which is to increase in every way by the action of the Hague Conference the likelihood of arbitration between nations."

Carnegie had already put his idea directly before the statesman whom he regarded as most important. The following correspondence explains his statement in the letter quoted above—that he would be glad to go to Kiel if the Emperor, after reading "my speech putting the peace of nations on him," still desired an interview.

To Ambassador Charlemagne Tower

January 23, 1907.

MY DEAR MR. TOWER,

Will you kindly hand the enclosed to His Majesty at an opportune moment and oblige. Ask him not to trouble reading it until he has a few minutes leisure or something as near that as he ever enjoys.

I have had to meet distressing reports about him, both in London and in Washington. He is reported to have expressed the wish that he could kick the Hague Conference over. Of course the President was disappointed at his refusal to limit battleships to 15,000 tons . . .

Should Russia decline to call the conference, *I think* the President will be compelled to do so, since he announced that he would do so and only retired in deference to the Emperor's wish.

The Emperor of Germany has it in his power to do the world the greatest service ever rendered by man. Gladly would Britain, America, France and many other Powers follow his lead were he to propose an International Police. This accomplished, he towers forever above all the rulers of men that ever lived. But I must descant upon this entrancing idea no more . . .

I expected to be with you before this, asking you to present me to him in Berlin. I should enjoy meeting him, since His Majesty was so kind as to intimate that it would be agreeable to him, but it is difficult to spare the time at the right season. However, I keep it in view. He and our President would make a team if they were only hitched up together for the great cause of Peace.

With best wishes to you and your dear wife,

Always your friend

ANDREW CARNEGIE

To William II, German Emperor

New York,

January 19, 1907.

YOUR IMPERIAL MAJESTY,

In my reveries you sometimes appear and enter my brain. I then imagine myself "The Emperor" and soliloquize somewhat as per enclosed.

Wishing you and your august family every blessing vouchsafed to mortals, and with profound interest in your "Star," which should excel all others in brilliancy if followed boldly,

I am, sincerely,

Your most obedient servant,

ANDREW CARNEGIE

The august visitor, "The Emperor," communes with himself thus when I am transformed:—

"God has seen fit to place me in command of the greatest military power ever known. For what end? Surely for good and not for evil; surely for peace and not for war. To prove the servile follower of a Caesar, Frederick, or Napoleon, who prevailed by brute force? Never! That day is past. Millions of Frenchmen have just voted Pasteur France's greatest son. Scientists and authors follow. Napoleon ranks only seventh in the list, and will soon be excluded with the years; great he was, but only as a monster. Men who butcher their fellows are the heroes of Barbarism; only such as save or serve them can be the heroes of Civilization—rulers like Washington, 'who wrought their people lasting good.' That is certain.

"Thank God, my hands, *as yet*, are guiltless of human blood. What part, then, can I play worthy of my power and position? It must be—shall be—in the direction of Peace on earth. Earth's foulest stain is the killing by man by man like wild beasts in battle; the banishment of that stain the greatest good. I am the only man who can bring Peace among men. Can it be that God has destined me so to work his glory, and so to benefit the world? Let me reflect! The greatest effects are sometimes easily produced. The psychological moment having arrived, Genius presses the button and the task is done.

"We have our dual and triple alliances; co-operation of five leading powers in China under one of my Generals; three Powers acting against Japan—France, Germany (think of it!) and Russia. The European Powers co-operated against Venezuela. Quite recently four of the smallest South American Republics were about to wage war. America asked Mexico if it would join in 'an intimation' to them that a peaceful settlement was 'expected.' Representatives met upon an American warship and 'expectations' were fully realized. I have it! Eureka! An International Police! A League of Peace! Propose to the Hague Conference that this be formed, its members pledged to arbitrate differences and also to contribute upon a fair basis, men, ships or money to enforce Peace if broken, as members of alliances virtually do now. Britain, America, France,

Italy, the South American Republics and others would gladly join. Who then dare oppose, and what matter who did?

"I become the Peacemaker of the world—the curse of centuries lifted at a single stroke. 'Alone, I did it.'"

"A few years under Peace, and the German Constitution, broader far than the American, embracing as it does all forms of government, would win its way, and neighboring countries would seek admission to the Empire, retaining as they would all their local powers. The United States of Europe, the dream of Henry the Fourth, would be realized. Where he failed, I shall succeed.

"Yes! This is my work! Thank God. Now I see my path and am happy. To this I consecrate my life, and surely, 'The highest Worship of God is service to man.'"

At this point I awake and am myself again, but still I keep wishing that I were indeed the Emperor and had his part to play.

I should at least prove to the world that I had an ambition worthy of my exalted office, and of the irresistible power entrusted to me, as I should believe, for great and good ends, and not to be frittered away in trifling triumphs. No ordinary humdrum life of commonplace existence, however elevated, would content me. I should leave, dedicated to Peace, a world I found cursed by wars, my title in history The Peacemaker, sure of enduring fame, growing with the centuries, because I had made the world better than I found it—much better. Young and old for all time would bless my name and revere my memory as the greatest of all benefactors and the ideal hero.

If that kindred soul, our President, had "The Emperor's" rôle to play, I should have been at his side long ago urging it. His part in some measure is yet to play, and he means to play it well—and *for Peace too*—but there is only one on earth to whom has been given the power to resolve and execute—the Emperor of Germany. Pitiable will be his place in history should he falter! "Where much is given much is required."

One observer watched the pilgrimage to Kiel with the detachment of a veteran statesman, yet not without sympathy. "The Kaiser can spoil all, and probably will, worse luck!" wrote Morley. "Do let us have a look at you both on your way to and from the

Man of Might. How interesting it will be! That you can interest him with your crusader's zeal I am not sure. But the effort is noble."

4

IN HIS Autobiography Carnegie has preserved a few scraps of his conversations with the Kaiser aboard the *Hohenzollern* and elsewhere. For the most part these quotations concern the genial side of their intercourse. Carnegie's manner, even in the presence of the ruler of a great empire, inevitably led to a lively interchange of ideas—to jokes, laughter, bantering, reminiscence, serious criticism cloaked in humor, and the like. Carnegie began by saying that this was the first time he had travelled so far to meet a crowned head. "Oh yes, yes!" answered His Majesty. "I have read your books. You do not like kings."

"No, Your Majesty, I do not like kings, but I do like a man behind a king when I find him."

This led to pleasant chat about a monarch who was a favorite with both men, Robert the Bruce, whom William II, through his English mother, could claim as ancestor, and this started Carnegie on the subject of Dunfermline and its royal legends. A mention of His Majesty's uncle, King Edward, proved unfortunate. "King Edward!" retorted the Prussian absolutist. "He's no king! He's only a puppet of his ministers." President Roosevelt's name aroused more appreciation. The Kaiser's guest insisted that he and the President had many points in common and that he would like to hitch them together in the sacred cause of peace.

"Ah, I see!" replied the Emperor. "You want to drive us. Roosevelt will be in front and I behind."

"No, Your Majesty," said Carnegie. "I know better than to drive such wild colts tandem. You never get enough purchase on the first horse. No, I would like to have you both in the shafts, holding you abreast."

By-play such as this provided a favorable introduction to the more serious matters that presently engaged their attention. Three interviews took place, Carnegie also having long talks with von Bülow, the Imperial Chancellor. On personal grounds these confabulations were successful, for no man, when the mood was on,

could be more friendly and charming than the Emperor, and Carnegie was captivated. The American's informal behavior and rapid fire conversation were something quite new in Wilhelm's experience, and all the more enjoyable for that reason. It is not likely that Carnegie's advocacy of a new policy on the over-shadowing questions of the day made much impression on the man, most of whose energies at this critical moment were devoted to increasing the German fleet, and it is certain that the visit, and the many attentions shown Carnegie and his wife, were not pleasing to the be-medalled devotees of Prussian might assembled at the regatta. One thinks of Colonel House's call at Potsdam on a similar errand, seven years afterward, also unsuccessful in its attempt to halt the Germanic programme. No definite record of Carnegie's long conversations exists, but there need be no mystery concerning their substance. The correspondence leading up to the occasion indicates plainly enough the chief points covered. "Thou art the man!" was the burden of his argument when he came face to face with majesty, as it had been in his writings. Germany was asked not to make the Hague Conference, then starting its deliberations, a mockery, and again the way was indicated in which the Kaiser could be a new Messiah in improving the status of the world. Letters written during the next few weeks show that, as a companion if not as the leader of a more enlightened day, the Kaiser had not proved a disappointment. "I had three interviews with the German Emperor and dined with him twice,"—this to Sir James Donaldson, principal of St. Andrews. "A wonderful man, so bright, humorous, and with a sweet smile. I think he can be trusted and declares himself for peace." To Richard Watson Gilder: "Our visit to the Emperor was a decided success. He's a rare man, as free and informal as the President; chuck full of fun. Very engaging smile—very; can't help liking him."

While the festivities were at their height, Carnegie wrote his daughter, aged ten:

To Margaret Carnegie

Kiel, den June 22 (1907)
Saturday night.

Well Darling, here it is the end of the week and your telegram just came a few minutes ago, and before going to bed I thought I would just write you a note. We have had a busy time here. Warships, yachts, sailing boats, motor boats crowding the bay.

I have had one talk with the Emperor, who is very nice indeed. Also I dined with him one evening and he lifted his glass and drank my health and I did drink his. He laughs and talks and you may be sure he tells that he is Scotch. We have great fun.

Tomorrow evening Mama and I are to meet him again at dinner on Mrs. Goelet's grand American yacht *Nahma* (means swan I think). It's very big. Mama and I were with the Prince and Princess Henry today. Of course Mama is a great favorite with every one. On Monday morning we start for The Hague in Holland (see the World ball in the Library) where the Dutch are—two days there and then for London and home.

Good night; it is after ten o'clock and I must retire. Good night. Always ever and ever your own

Loving Papa

In a letter to von Bülow, written soon after leaving Kiel, Carnegie summed up his points on at least one subject—the menacing progress of the German fleet. Von Bülow's Memoirs disclose that his views were similar to Carnegie's. At his final parting with his master, so poignantly described, he besought the Kaiser to reach some agreement with Great Britain on naval expansion. "I will not allow John Bull to give me orders on how many ships I am to build," was William's answer.* All this gives especial interest to Carnegie's admonition, written a year before Bülow's fall.

*Memoirs of Prince von Bülow, Vol., II, p. 576, American Edition.

To Prince von Bülow

July 2nd, 1907.

DEAR CHANCELLOR,

I venture to put in writing for Your Highness the substance of what I said in our recent interview.

The masses of the people in Britain and, in a less degree, in America, look to Germany as the possible, and in the former country as the only probable enemy upon the seas, chiefly owing to the publication years ago of the programme showing the Navy which Germany had determined to create. The aggregate cash was something which the ordinary man could lay hold of and it seemed formidable; he thought of this only as a mere beginning and took no notice of the number of years over which proposed expenditures spread. All at once Germany appeared upon the scene as a coming rival of Britain upon the sea. The American was concerned to some extent about the Monroe Doctrine and Germany's supposed designs of future colonization in South America . . . Though no fear of Germany exists in America, the impression still remains that she is not a peace-loving power and she is still regarded as almost the only probable disturber of the peace. I need not say that this feeling I do not share.

In regard to Britain, there is no gainsaying the fact that Germany is considered the only possible present source of danger. The Cabinet contains friends of Germany, and those who distrust her, the latter preponderating, not so much for what Germany has done as for what she intends to do. If this feeling has not its rise, it is nevertheless aggravated by Germany's industrial success and especially that of the trans-Atlantic and other steamship lines . . .

The task before Germany is to impress the people of Britain with the fact that it is the apostle of peace, knowing that in peace lies her path to development and prosperity. The strength of the Liberal Party in the House of Commons is shown by the last vote on the question of the House of Lords. The majority was 248. Were Liberals generally convinced that Germany was devoted to a policy of peace, there is no reason why our Teutonic race in Germany and Britain should not have an entente cordiale such as Britain has now with France. It is true that industrial and com-

mercial rivalry would continue, but that is not fatal to the maintenance of friendly relations. It is the fear of supremacy upon the seas, which means starvation to Britain, and that alone, which can drive Britain into a hostile attitude toward a dreaded rival . . .

In short, as I took the opportunity to suggest to you, every means should be adopted to show the people of Britain, as distinguished from the official classes, Naval and Military, that Germany is anxiously desirous of bringing about, as occasion may serve, a reign of peace among nations, and that she has no warlike policy at heart . . .

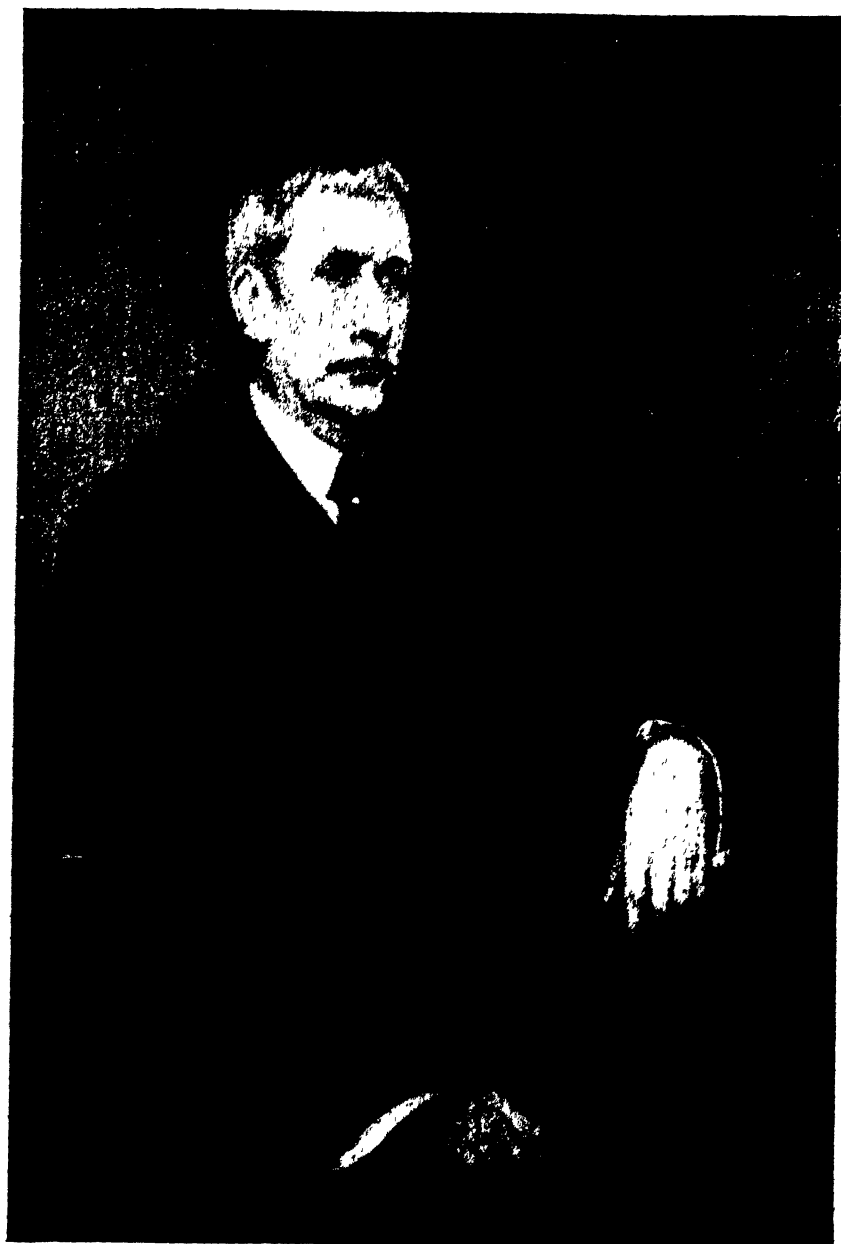
With best wishes for your continued sway,

Very truly yours,

ANDREW CARNEGIE

5

GERMANY had a chance to show this peaceful disposition at the pending Hague Conference and, as all the world knows, refused to seize it. In fact, the Second Hague Conference was a fiasco. In July, 1906, Mr. Root, Secretary of State, had sent Carnegie the correspondence with Russia on this subject, suggesting that he show it privately to his friends in the British Cabinet. Carnegie's letter to President Roosevelt, quoted above, indicates the welcome this information received in the Foreign Office. Russia, in formulating the programme for the proposed Hague meeting, had excluded from discussion the limitation of armament, and to this Mr. Root had diplomatically but most energetically objected. The Czar's attention was called to his reason for summoning the First Conference, in 1899, and the paragraph in the imperial rescript of that time was quoted in which Russia had insisted on the "reduction of armament" as the real matter at stake. The Russian Government was now notified that, at the approaching session, the Government of the United States would "reserve for itself the liberty to propose to the Second Peace Conference, as one of the subjects of consideration, the reduction or limitation of armaments." A general agreement for compulsory arbitration would also be proposed. These were the points in the correspondence that had made so favorable an impression on the British Government. In all likelihood the American attitude was communicated by Russia to Germany,



ELIHU ROOT (1845-)
From a painting by Augustus Tack.
(*Harris & Ewing*)

for on April 30, 1907, Chancellor von Bülow declared in the Reichstag that under no circumstances would Germany consent to discuss limitation of armament at The Hague. Great Britain, France, Italy and other progressive nations accepted Mr. Root's suggestions, while on the other side stood Germany, Russia, Japan and Austria. Thus the Conference which assembled on June fifteenth was deadlocked on this, the most important subject of all, and every effort made by the American and British delegates to press the question was opposed, German delegates taking the lead. Failing in this, America and Great Britain then began a wearisome struggle for a compulsory court of arbitration. Again Germany lifted its opposing voice, with the result that no action was determined upon, the Conference leaving it to the individual governments to make such treaties as might seem desirable. Carnegie's disappointment was naturally keen. Next year the Kaiser invited him again to Kiel. "He is good enough," Carnegie wrote Speck von Sternburg, German Ambassador at Washington, "to say that he would be pleased to meet me again at Kiel, and this you also tell me. Knowing you enjoy his confidence I write freely to you. Let me say, therefore, that, as you know, I feel that His Majesty has the greatest mission ever entrusted to man. Something tells me he will sooner or later fulfill his destiny and become the world's peacemaker. Now if His Majesty were really interested in this idea and would really like me to expound my views fully, I should consider it my duty to go to the ends of the earth to do so . . . Please thank His Majesty for his kindness, which please assure him is deeply appreciated but I shall postpone seeing him this year unless he really wishes to hear me upon my mission."

The response evidently was not encouraging, for Carnegie did not go. By this time President Roosevelt was disillusioned. The Hague failure, the menacing attitude of Japan, and the ominous European situation caused him to modify his previous stand on the American fleet.

From the President

The White House, Washington
November 19, 1907.

MY DEAR MR. CARNEGIE:

I have your letter of the 18th instant. I shall recommend an increase in the navy. I shall urge it as strongly as I know how. I believe that every farsighted and patriotic man ought to stand by me. I will give sufficient reasons in my message. I can not state *all* the reasons in my message, and I certainly will not state them in a letter to you or anyone else or state them verbally save in strict confidence, but I shall state in my message reasons which are amply sufficient. You say the question needs my serious attention. It has had it; and, as I say, I can not imagine how anyone, in view of the known conditions of the world and of the absolute refusal of the Hague Conference to limit armaments, can fail to back me up,

Sincerely yours,
THEODORE ROOSEVELT

And now events proceeded to disclose how mistaken was Carnegie's idea that Germany could ever become a sincere friend of world peace, still less that the Kaiser might take the lead in organizing anything resembling a Council or League of Nations, even when provided with the "teeth" that the idealist American regarded as essential. His confidants in the Roosevelt Administration were quickly to learn that any pacific proposals of this kind were not likely to make much headway in the Fatherland. Mr. Root now patiently adopted the suggestion of the Hague Conference that, laying aside any hope of a general arbitration agreement of compulsory nature, the signatories to The Hague should negotiate separate treaties with one another. His approaches were so successful that, by 1909, the United States found itself bound in this way with more than twenty nations. The two countries with which no progress could be made were Germany and Russia. This was bad enough, but an incident in the Reichstag in April, 1909, made matters considerably worse. On this occasion the socialist deputies "interpellated" the Foreign Secretary, von Schoen, asking why Germany, of all enlightened peoples, had failed to conclude an

arbitration treaty with the United States. The minister had replied: "It is not our fault that no treaty has been made." Germany's reputation for veracity stood pretty low in Washington at that moment. "Von Schoen's reply," wrote Carnegie to David Jayne Hill, Ambassador at Berlin, "is so directly opposite to the truth as it is seen and felt in Washington that it cannot soon be forgotten. I was surprised when I read it, but 'surprise' is not the word to describe the feeling in a certain quarter hitherto most anxious to be on good terms with our German brethren." Carnegie spoke on information, for he had recently received a letter from Mr. Root which is likely to become a classic in the literature describing the origins of the Great War. It was written five years before the ultimatum to Serbia.

From Elihu Root

United States Senate
Washington, D. C.

April 3, 1909.

DEAR MR. CARNEGIE:—

I have just received the newspaper slip about the arbitration treaty question in the Reichstag. I do not suppose there is much to be gained by discussing with another Nation the question "Who is responsible for a failure to make a treaty?" Probably the German Foreign Secretary was put in a position where he had to assert to the Reichstag that the German Government was not responsible. The fact is that I proposed to Germany to make the same treaty which we had made with England, France, Italy, Austria and practically all the rest of the world except Russia, and Germany refused to make it. I proposed modifications to overcome her objections, and she refused the modifications. I proposed further modifications to meet her objections to the first modifications and she refused to accept these second modifications also. Then I stopped. Germany never said, "We will not make any treaty of arbitration with you." She refused to make any treaty that I proposed and she proposed none herself. Speck von Sternburg wanted to make the treaty and he did his best to make his government agree to it, but the German Foreign Office, which is a narrow, bureaucratic survival of the Eighteenth Century, never had the slightest idea of making a

treaty. I told Speck that the German people would not like it when they found they were left alone with Russia while all the rest of the world had climbed on to the arbitration wagon with us, and he realized it. I am glad to see now, by this report of the proceedings in the Reichstag, that the shoe is beginning to pinch.

The fact is, and no well informed person can doubt it, that Germany, under her present government, is the great disturber of peace in the world. At every turn the obstacle to the establishment of arbitration agreements, to the prevention of war, to disarmament, to the limitation of armament, to all attempts to lessen the suspicion and alarm of nations toward each other, is Germany, who stands, and has persistently stood since I have been familiar with foreign affairs, against that kind of progress.

The truth is that Germany does not in the least agree as to the views of international duty and right conduct which have inspired the Hague Conferences. She looks with real contempt and loathing upon the whole system of arbitration, and she considers all talk about it to be mere hypocrisy. She believes in taking what she wants with a strong hand and with her, friendship among nations is merely an application of the wise policy which prohibits having too many enemies at one time.

You see I am no longer Secretary of State. Nevertheless, you had better keep this confidential.*

Faithfully yours,
ELIHU ROOT

*It is perhaps unnecessary to add that the letter is now published with Mr. Root's consent. He had recently become Senator from New York State.

Chapter XIV

A CAMPAIGN FOR PEACE

1900-1910

MR. ROOT was not the only friend who kept Carnegie informed on Germany and its attitude toward peace. For several years Dr. David Jayne Hill had been an enlightening and trusted correspondent. In 1907 Dr. Hill was Minister to the Netherlands and one of the American delegates to the Second Hague Conference. He wrote many letters to Carnegie in the course of the sessions, one especially long one describing, in diary fashion, the day by day shiftings of opinion and the growing success of Central Europe in blocking effective results. Particularly interesting was Dr. Hill's portrayal of the disfavor which the United States was acquiring in Teutonic eyes. America's insistence on a tangible dividend from the large expenditure of oratory was pushing Germany into a corner and giving the Reich an unpopular distinction as the power responsible for failure. In American political slang, the United States was "putting Germany in a hole." All this Germany resented, her resentment taking the form of hostility to Uncle Sam—a parvenu gentleman who was exposing Deutschland to universal odium. This attitude had important consequences two years afterward, affecting unfavorably an event in which Carnegie was intimately concerned—ex-President Roosevelt's visit to the Kaiser.

His whole letter is entertaining, full of inner glimpses—a kind of history that does not appear in formal documents. A lasting memento of the Conference was the serious effect it had exercised on Dr. Hill's digestion. "I have personally assisted at about ninety dinners," he writes ruefully—meaning, of course, official, sometimes

speechifying affairs. Still the mountainous labors for effective arbitration were bringing nothing forth. "Against it," writes Dr. Hill, "is the solid German *bloc*, composed of eight powers that have rallied round the German opposition to obligatory arbitration in the form of a general treaty." "There is no doubt that, at the present moment, Germany is the obstructive element. No other great power stands in the way. But Germany cannot be forced to change her attitude. Her government is founded upon militarism, is strong and believes in itself . . . But it is evident that the great task for our American diplomacy on the continent of Europe is to win Germany, if possible, to our way of thinking, by taking her at her word in her efforts to go forward in the right direction, as she professes the wish to do . . . It seems to me a peculiarly psychological moment in our relations with Germany. Her delegates here feel that the American leadership in arbitration has exposed Germany to the charge of being 'reactionary.' The word, even, has been uttered. She entered the conference reluctantly, but with a strong wish and effort to form an *entente* with America. Baron Marschall has done everything in his power to carry out his instructions, but he has found it impossible to meet our wishes on arbitration. When he goes to Berlin he will tell all that he thinks and all that he feels and the result will be that Americanism will not be at a premium at the German capital, for the twenty-one American votes have made possible the majorities that have given him disquietude. There will be a disposition there to curb our influence, to divide our friends, and to check our future action in Europe. The proof of it is that it has already begun here."

At the same time confirmation of Dr. Hill's strictures came from another source. "The Kaiser is the difficulty," Morley wrote Carnegie, referring to the Hague Conference. "He is moving heaven and earth against the whole thing, and makes no secret of it that if the topic of disarmament is raised his men will walk out. I see from his letter that T. R. is well aware of this."

Hostility did not discourage Carnegie, or even make him recede from his belief that the Kaiser could be changed into a protagonist of peace. That deeply abiding hope of an international league, with the United States, Great Britain, Germany and France as the consolidated powers, was not once abandoned. In 1910 Carnegie

saw another brilliant opportunity for realizing this purpose. Immediately after laying down his presidential office, Mr. Roosevelt sailed for his hunting expedition in Africa, after which, it was well known, the European capitals and great centers of learning would be visited. Inevitably Berlin and the Kaiser would be part of this itinerary. If any man could influence His Teutonic Majesty in favor of an international régime, that man, Carnegie insisted, was the one for whom the Emperor had expressed such admiration, the ex-President of the United States. Soon Carnegie's scheme assumed more comprehensive form, developing finally into a little Hague Conference of his own. According to this programme, Roosevelt was to go to Berlin, discuss the European situation with the Kaiser and, if possible, obtain some intimation of a desire to end the prevailing tension in Europe. As a culminating step Roosevelt was then to cross the Channel and meet a group of British statesmen, bringing such good tidings as he might have elicited from Germany, and consult the leaders of the British Empire on concrete proposals. All the time of Roosevelt's sojourn in the wilds of Africa he was corresponding with Carnegie on this theme—his pencilled, weather-beaten letters, interesting on personal as well as diplomatic grounds, bearing physical evidences of the environment in which they were written. Carnegie's proposal he accepted, making, of course, the familiar reservations that too sweeping consequences should not be looked for, that the ends to be arrived at must be "practical" and that certain "cranks," whom the ex-President mercilessly named, should have nothing to do with the affair. President Taft was eager for the venture, and Dr. Nicholas Murray Butler, whose position in Germany was securely established and who had for years been one of Carnegie's advisers on peace and arbitration, thought the experiment worth trying. Another man connected was Elihu Root who, despite his disheartening negotiations with the German Foreign Office, gave the project a qualified benediction and helped Carnegie outline the campaign. The greatest figures in Britain, especially eager to coöperate with the United States, and only too desirous of finding some way of suspending competition in naval construction, favored the undertaking. The meeting place was to be Wrest Park, the country residence of the American Ambassador, Mr. Whitelaw Reid; the

gathering was to have all the appearance of a social week-end, and in order to accentuate this illusion the wives of the guests were to be invited. The leaders of the two great English parties, Mr. Asquith and Sir Edward Grey for the Liberals, Mr. Balfour and Lord Lansdowne for the Conservatives, were to represent Great Britain; Roosevelt, Carnegie and Ambassador Reid the United States, and other participants were to be Lord Morley and Lord Haldane. The date was fixed for the latter part of May. "There is really your Big Game," Carnegie writes over and over again to Roosevelt, and several times he quotes Root's prognostication on the chances of success: "It all comes back to Germany." Carnegie who, despite his temperamental eagerness, wished to keep the proceeding on the sanest basis, rejects the suggestion that his own attitude was that of unreasoning sentiment. "Neither Root, Butler, nor I," he writes, December 24, 1909, "are 'peace at any price' men; while we might be the last to draw the sword, if compelled to do so we should be among the last to sheathe it."

"When I see the Kaiser," Roosevelt wrote Carnegie from the jungle, October 16, 1909, "I will go over the matter at length with him, telling him I want to repeat our whole conversation to you, then I'll tell it all to you when I am in London. I regard the proposed quiet conference as most important. I leave absolutely with you all arrangements to be made through Morley." And from Nairobi, December 14, 1909: "I entirely agree with the views you and Root hold. Now, can't you get Root to put in writing, in a letter to you of which you could send a copy to me, these views? It would offer the way of all others for my introduction of the matter with the Kaiser. Root's gift of phrasing things is unequalled."

From Theodore Roosevelt

Gondokoro, February 18, 1910.

DEAR MR. CARNEGIE:

. . . I want to go home! I am homesick for my own land and my own people! Of course it is Mrs. Roosevelt I most want to see; but I want to see my two youngest boys; I want to see my own house, my own books and trees, the sunset over the Sound from the window in the north room, the people with whom I have worked,

who think my thoughts and speak my speech. So far from Mrs. Roosevelt's wishing to see more of Europe, she has written me that even if I can't get home in June she'll have to—and I am not going to be separated from her again.

Second: as to the policy itself. With *your* policy, as you outline it (of course accepting it generally and not binding myself as to details), I am in hearty sympathy; what Root champions along those lines you can guarantee I will champion also; you know how I trust him; he was *the* man of my cabinet, the man on whom I most relied, to whom I owed most, the greatest Secretary of State we have ever had, as great a cabinet officer as we have ever had, save Alexander Hamilton alone. He is as sane and cool-headed as he is high-minded; he neither lets facts blind him to ideals, nor ideals to facts; he is the wisest and safest of advisers, and staunchly loyal alike to friends and causes—and all I say I mean, and it is said with full remembrance that on certain points he and I would hardly agree . . .

Now, with the big statesmen of Europe, Emperors, Kings, Ministers of State, I will do whatever lies in my power to help secure the adoption of the policies you outline in your letters, the policies for which you and Root stand; as you phrase it, we are willing to fight for peace. But I cannot conscientiously support, nor could I persuade any sane and honest ruler or great public servant to support, the fantastic and noxious theories of such extremists as those to whom I have alluded.

My past words, and the acts wherein I have striven to make those words good, afford proof of my sincerity in the cause of peace. I will do all I can to bring about such a league of, or understanding among, the great powers as will forbid one of them, or any small power, to engage in unrighteous, foolish or needless war; to secure an effective arbitral tribunal, with power to enforce at least certain of its decrees; to secure an agreement to check the waste of money on growing and excessive armaments. If, as is probable, so much cannot be secured at once, I will do all I can to help in the movement, rapid or slow, towards the desired end. But I will not be, and you would not wish me to be, put in the attitude of advocating the impossible, or, above all, of seeming to be insincere. For instance, as Root will tell you, no arbitration or other

agreement would ever make the American people even for a moment consider the question of submitting to arbitration its right to exclude Asiatics. It is owing to what Root and I did that this very matter was adjusted without causing a rupture between us and Japan; and he and I know that under no circumstances would there be (and there ought not to be) the remotest chance of securing the ratification by the Senate of any general treaty or agreement which would leave such a matter as this to be decided by anybody but ourselves . . .

I cannot be, or seem to be, an accredited envoy; I cannot work for a policy which I think our country might repudiate; I cannot work for anything that does not represent some real progress; and it is useless to expect to accomplish everything at once. But I will do all in my power, all that is feasible, to help in the effort to secure some substantial advance towards the goal.

In France, Italy, Austria and Germany—especially Germany—I shall go into the matter at length with the men of power, and I will report to you in full in England.

Ever faithfully yours,

THEODORE ROOSEVELT

Mr. Root set forth his views, as Roosevelt requested, writing them in a letter to Carnegie, which the latter sent the ex-President. First cautioning Roosevelt not to seem to be lecturing Europe on its duties and not to be assuming the functions of the Department of State, he suggests the points that could be made to the Kaiser in an informal, friendly discussion. "Now as to what it is possible for him [Roosevelt] to do: It seems plain in the first place that he can do nothing in England unless he has first accomplished something in Germany. England is ready enough to quit if the other fellow will, but no considerable part of the English people would justify the Government in quitting except on that condition, and to urge her public men to do so would be merely to irritate them. The crux of the whole matter is in Berlin, and there is one thing and only one thing that can be done there so far as I can see. That is to say to the Emperor: 'One of those great opportunities which have been presented to a very few men in history lies before you at this moment. If you ignore it your name will live only as one of

a great multitude of men who have raised and trained armies and governed states and have been forgotten because everything that they have done has been what thousands of other men have done equally well. If you seize the opportunity you render a service to mankind of such signal and striking character as to place you forever in the little group of the supremely great who, upon a review of the whole field of human history, are to be seen rising above the great mass of the ordinary great. The opportunity is to do this: That you, having the greatest and most effective army that ever existed in the world, having the means and the constructive capacity and great advances already made for an unsurpassed navy, shall say to the world, "I will lead you to peace. Let us stop where we are, and let us end now and here the race of competition in enlargement of provision for war." '

"With such a suggestion as this might be coupled discreetly an intimation that, if the idea were entertained, aid could be given by way of sounding other powers without any premature committal of the only power that could take the initiative; viz., *GERMANY*.

"If such an idea were entertained by the Emperor, then our friend would have something to talk about when he got to England, and I do not doubt that he could obtain such informal assurances there as to prepare the way for the doing of the great thing that he would have proposed to the Emperor.

"I am satisfied, not only by reflection upon the nature of the subject, but by the experience of the four parlers which preceded the last Hague Conference regarding the inclusion of a proposition for disarmament in the programme of the conference, that it is hopeless to secure any agreement upon any elaborate or complicated scheme which shall seek to set a variety of limits upon a variety of countries, and that the Gordian method of cutting the knot is the only one that affords any possibility of success. The only way to quit is to quit. The Emperor can do it, and no one else can. If he does it he will win everlasting renown. If he does not avail himself of the opportunity he will go down in history just like the ordinary kings and generals that you can pick up by the wagon load from the pages of any universal history. I don't know of anybody who would be more likely to make a lodgement in the Emperor's mind with this idea than Theodore Roosevelt."

From Theodore Roosevelt

The White Nile.

March 14, 1910.

DEAR MR. CARNEGIE,

. . . I shall use both your letter and Root's with the Kaiser; they are exactly what I wished. I also have a letter from Root to me which I shall show you. How wise he is! and what a good friend to both you and me! If you see him tell him I shall be exceedingly careful not to fall into the errors against which he warns me; not to seem to interfere with the regular American diplomats, nor to look as if I were trying to teach Europe how to behave. But all I can do I will do; my speech at the Nobel Prize meeting will be made with special reference to my call at Berlin afterwards.

What an interesting meeting we shall have at Wrest Park!

With warm regards to Mrs. Carnegie, Believe me,

Always faithfully yours,

THEODORE ROOSEVELT

"I should like to be an invisible sprite," Carnegie wrote White-law Reid, "and overhear all that passes between the two masters in Berlin when they meet. I believe they will part attached friends, drawn to each other. What couldn't they accomplish if they pulled together!" But matters did not turn out quite so favorably. In some manner the German Foreign Office learned that the ex-President intended to open distasteful subjects with the Kaiser. Immediately an explosion of anti-Americanism took place in the Berlin press—inspired, of course, by the Government. "There will be a disposition there [Berlin] to curb our influence," Dr. Hill had written to Carnegie from the Hague Conference, "and to check our future action in Europe." How true these words were now appeared. The fact was not too graciously conveyed to Roosevelt that no suggestion for disarmament or arbitration would be welcome from him and that this was a subject above all to be avoided in his discussions with the Kaiser. In his famous letter to Sir George Otto Trevelyan* Roosevelt describes the entirely cour-

**Theodore Roosevelt and His Time*, by Joseph Bucklin Bishop, Vol. II, pp. 229-31; 245-6.

teous and correct, but not enthusiastic, reception encountered in Germany, and the way in which the proposed talk on military matters was stopped by the fury of the Berlin press. He refers to the same outburst in a letter to Carnegie.

From Theodore Roosevelt

American Embassy, Paris.

April 22, 1910.

MY DEAR MR. CARNEGIE:

The Ambassador has asked you to dine entirely alone and informally with us at Dorchester House the evening of the day we arrive in London. I hope you can do so. I should like to speak to you alone before we go to Wrest Park.

I anticipated, as you of course saw from my letters, that I should have difficulties in accomplishing anything even along the cautious lines of conduct which Root very properly suggested as the only appropriate one for me to follow; but if, as I suppose to be the case, you have seen the Berlin papers, you probably already know that even my anticipations of the difficulties came far short of the actual facts. You were very wise in your suggestion that I should make the Nobel Prize speech. This has proved to be desirable from every standpoint; indeed, (as things) look now, I believe that what I say in that speech will represent very nearly all that is efficient and useful that I can accomplish . . .

With love to Mrs. Carnegie,

Faithfully yours,

THEODORE ROOSEVELT

Even the meeting at Wrest Park did not take place, but for another reason. King Edward's sudden death made impossible such gatherings as this was ostensibly to be. Mr. Roosevelt therefore sailed without being able to contribute anything to the peace of Europe, and thus Carnegie was subjected to another disappointment.

ALL these years, however, he had been furthering the cause of a pacific world in other ways. Large sums of money flowed in an un-

ending stream from the Hoboken coffers to a variety of men and institutions devoted to waging war against war. Subventions to peace societies and arbitration and conciliation leagues in all parts of the world, appropriations for publishing and circulating anti-militaristic literature, payments to lecturers and writers whose talents were absorbed by the same interest—it would be impossible even to estimate the millions so spent, for it began years before any record was kept of Carnegie's disbursements and the money went in a hundred directions, many of them unorganized and obscure. Societies holding meetings or conventions for peace, authors of books which no publisher could find business grounds for printing, confederations spanning two continents, private citizens who, if assured a modest maintenance, would devote their lives to the cause—such frequently found Carnegie willing to foot the bill. That he was occasionally beguiled by humbugs is true, but mistakes Carnegie regarded as inevitable in any crusade; nor was he fooled so easily as many suppose, for no man had a keener eye for a fraud, or took more pleasure—sometimes a cruel pleasure—in separating the sheep from the goats. For the last ten years of Carnegie's life peace absorbed the greater part of his time. The lessons he had imbibed as a boy in Scotland, when Cobden and John Bright were the teachers of the family hearth, when hatred of war figured as a question in every parliamentary election, and peace meetings, with Uncle Tam Morrison as the leading speaker, were frequently held in the Anne Street church—these ideas, implanted in the plastic Andrew's mind, became the reigning thoughts of his latest phase.

Carnegie's Hero Funds, which at first provoked the cynical to mirth, really formed part of his campaign against unnecessary war. In ten years he gave \$10,540,000 for these foundations—\$5,000,000 for the American fund and the rest for similar benefactions in the leading nations of Europe. In one of his letters David Jayne Hill records an anecdote which picturesquely illustrates Carnegie's conception. When Dr. Hill, in a personal talk with the Kaiser, informed him of Carnegie's desire to establish a Hero Fund for Germany, that gentleman, after expressing his thanks, sent for Count Valentini, chief of his civil cabinet, and told him the good news. This bureaucrat showed no signs of enthusi-

asm. No need existed for such medals and pensions in Germany, he hinted; the army provided ways for honoring soldiers who performed heroic acts! It must be set down to the Kaiser's credit that he showed impatience at this rejoinder, dismissing summarily his hidebound junker with the remark that Mr. Carnegie's gift was intended to serve quite a different end—to honor the heroes of civil life, not those of war. The stupid prepossession inherent in Valentin's words, that the battlefield was the only true begetter of heroism, was one that had for years irked Carnegie. As far back as 1885 he wrote a letter to the New York *Tribune*, maintaining that peace had its brave accomplishments as well as war. For ages men and women had sacrificed their lives to save others; one could hardly pick up the day's newspaper without finding some instance, yet such heroes seldom obtained recognition, and their families frequently were reduced to penury by their deeds. In 1904 two terrible calamities, one near Pittsburgh and one near Dunfermline, brought the matter to Carnegie's attention in most distressing form. "I heard of a serious mine accident which occurred at Pittsburgh," he wrote Dr. Weir Mitchell, explaining the origin of this fund, "in which the former superintendent, hearing of it, travelled over twenty miles to reach it. Although not then in the service of the company, he volunteered to descend and rescue the entombed. This was accomplished, but unfortunately he lost his own life." To make financial provision for widows and children left dependent in these circumstances was the chief end of the Hero Fund. On the establishment of the one in Great Britain, in 1908, Carnegie wrote its chairman, Dr. John Ross: "On the very day the Hero Fund is announced comes the following account of a man who, in saving the life of a fellow townsman, lost his own. He leaves seven children. The most blessed satisfaction that can come to any man comes to me this morning. I know that your first work will be to take care of that widow and her children." This is the sort of thing the Hero Funds have been doing for a quarter of a century. The American endowment has distributed more than \$5,000,000 in alleviating such distress, and the expenditure will continue indefinitely. The money goes for pensions to disabled life-savers and their widows and orphans, to the purchase of homes for bereaved families, to educating their children, frequently, if desire and aptitude are in

evidence, to send boys and girls to college. Such as have no need of assistance are awarded medals—the Victoria Crosses and the Congressional Medals of peace.

How personally this benefaction touched Carnegie was shown in the trustees selected. One of his steel partners, Charles L. Taylor, became first president, and other early friends and business associates were original trustees: such men as Robert Pitcairn, one of the "bottom Hooshiers" of Rebecca Street, Thomas N. Miller, first partner in iron, William L. Abbott, once chairman of Carnegie, Phipps & Co., and W. J. Holland, for years an intimate associate and adviser. At times Carnegie used to insist that the Hero Funds were his favorite gifts. That he had conceived the idea himself was an especial pride. "This one," he would remark, "crawled up me ain back. No one suggested it to me. It's my bairn." Of another of his peace conceptions the same could not be said, though the world undoubtedly believes that the so-called Peace Palace at The Hague was his idea—even, as the familiar criticism at times maintains, a "self-glorification." The documents, however, tell the story in abundant detail. Into the quiet of Skibo came, on June 18, 1900, a letter from Andrew D. White, the American delegate to the First Hague Conference who succeeded, amid great difficulties, in ramming the Arbitration Court—modest in its scope it is true—down the throat of the German Emperor.* Mr. White described a visit just received from M. de Martens, the most conspicuous of the Russian delegates to the First Hague Conference. "He had something on his mind," wrote Dr. White, "and finally came out with it and also urged me to present it to you. This I now do without note or comment . . . He thinks there ought to be a local habitation for the Commission and the Court at The Hague—a building where the Court could sit, where its archives and decisions could be made accessible, and where a great library of international law for the use not only of the Court but for the whole world, could be accumulated. He thinks that the erection of a proper building as a gift to the entire world for the above purpose would be a very grand thing and worthy of your munificence, and says that it would make the man who makes the gift a

*For the story in detail see Andrew D. White's *Autobiography*, Vol. II, Chapters XLV-XLIX inclusive.

benefactor to every nation and to all mankind, acknowledged as such for all time. There is his statement and that is all I have to say on that point." However, Dr. White soon became an eloquent advocate of M. de Martens's suggestion, for the next two years writing Carnegie glowing letters on what he called his "dream." At first the invited donor was not inclined to step into the breach. Such a courthouse, he protested, should not be the gift of a private citizen; it was an enterprise that the nations signatory to the Hague Treaty should assume. Under no conditions would he make such an offer to the Dutch Government; if, however, that Government expressed a willingness to secure a site and to supervise construction and care, he would honor its draft up to one and a half million dollars. Queen Wilhelmina and her Government were only too glad to take these steps, and the present building at The Hague is the result. If its architectural design has not met with general applause, it must be remembered that this was no fault of Carnegie's. When a trustor has once delivered a capital sum to trustees, it passes absolutely from his possession; he has no more control over it than any citizen. Carnegie's gift was so transferred to five men, four of them representatives of the Dutch Government, who had untrammelled supervision of plan and construction. The giver, it is true, might be expected to make known his wishes and, if necessary, to disapprove, and that Carnegie did in his characteristically vigorous fashion. The "Carnegie Stichting," the corporation organized under Dutch law to fulfill the trust, invited two of the most eminent architects of France, Germany, Belgium, Austria, Holland and the United States to enter the competition. The winner was M. Cordonnier, of Lille, France, an artist of high standing. The plan, however, met with widespread disapproval. Richard Watson Gilder wrote an editorial in the *Century Magazine* declaiming against it as a complete frustration of the original idea. No one was more displeased than Carnegie himself. The fact was that the trustees had completely run away with his purpose. Carnegie always called the building he had in mind a "Temple of Peace," while the trustees were responsible for the word "Palace," a change that was significantly emblazoned in the elaborate and highly ornamental building M. Cordonnier had provided. What had been proposed

was a modest structure, of simple, dignified, yet beautiful appearance, the main feature to be a court room for the Hague Tribunal and a library on international law for use of the judges. For this the amount of money was sufficient. But the architect drew plans for an extensive library, with a smaller room for the Court; the cost would have greatly exceeded the amount given, and already hints were coming to Skibo that the appropriation be increased.

Carnegie was much disturbed. The winning draft, he said, "is to me shocking. I am positively wounded." "Naturally this matter touches me deeply," he wrote Dr. Hill, then Minister at The Hague, in a letter protesting against the outcome. "It seems clear to me that they (the directors) must make a fresh start. I fear they found that such a structure as that proposed might run into several millions and not a dollar more will I ever give. A million and a half, with accrued interest equal to 10% more, is ample for a simple Temple of Peace and an International Law Library for the use of the court. To me the building proposed is no Temple of Peace, but shouts all over of the pomp, pride and vain circumstances of inglorious war." "I would fail in my duty," he wrote the trustees, "if I did not give expression to my feeling that the proposed building is, I should say, double the size that is required or that is appropriate. Pray excuse my anxiety, but now since I am apprized of the situation the subject haunts me." In answer, Jonkheer van Karnebeek, head of the trust, came to Skibo in an attempt at pacification. The Cordonnier plans were considerably modified, yet the completed structure followed the essential lines of the first drawings. The building is a "Palace," not a "Temple." Though Carnegie made no further protest, and even gave the work perfunctory praise, his letters show that he was still dissatisfied. "Like you," he wrote Dr. Hill, "I am disappointed, but we must hope for the best. We may yet be saved a bazaar instead of a temple. I hope you will watch the new plan submitted and express your views again and again." To Richard Watson Gilder: "If you knew what efforts were made to obtain the very 'temple' idea your artistic sense instinctively suggested you would be surprised. It's a long story. I'll tell you when we meet. Of course I must bow my head and say 'all right.' That is the part of the giver always."

3

CARNEGIE'S greatest contribution to the cause was the Endowment for International Peace, to which, in the Christmas season of 1910, he transferred \$10,000,000 of United States Steel bonds. To the proposal for using money in this way he was a slow convert. As far back as 1900 William T. Stead suggested a heavily financed peace and arbitration society. "I do not see that it is wise to devote our efforts to creating another organization," Carnegie replied. "Of course I may be wrong in believing that, but I am certainly not wrong in believing that if it were dependent on any millionaire's money it would begin as an object of pity and end as one of derision. I wonder that you do not see this. There is nothing that robs a righteous cause of its strength more than a millionaire's money. Its life is tainted thereby." Herbert Spencer's exhortation along similar lines, already quoted, was likewise disregarded, and many suggestions forthcoming in the next ten years met no more favorable reception. The fact is that Carnegie was averse to associating himself with what the world looked upon as Utopian schemes, having as wholesome a horror of the "lunatic fringe" of any movement as the creator of that celebrated phrase himself. Yet, in the decade from 1900 to 1910, opposition to war began to assume a saner aspect. The monstrous accumulation of European armaments, with the attendant burdens of taxation, gave the question a new and practical importance. The two Hague Conferences, disproportionate as the outcome may have appeared, had at least started the thought of the world in the right direction. The extinction of war might be remote, yet such goals as arbitration, international courts, programmes of conciliation, the closer and friendlier association of nations, were attainable. The successful arbitration of many disputes that, under the venerable practices of history, would have inevitably resulted in war, suggested that even the purpose ultimately aimed at was not an impossible ideal. The names of distinguished leaders presently identified with the so-called "peace movement" gave it new standing. When men like Elihu Root, John Hay, William H. Taft, Charles W. Eliot, Nicholas Murray Butler, Richard Watson Gilder, Joseph H. Choate, Andrew D. White and others of similar eminence became con-

spicuous workers for a better international régime, the cause obviously took on dignity. Carnegie's friendship with humanitarians like Morley, Campbell-Bannerman, Asquith, Lloyd George, Sir Edward Grey, Lord Haldane—all practical enthusiasts for peace—likewise affected his point of view. Another cosmopolitan figure was Baron d'Estournelles de Constant, who became an intimate friend and correspondent and whose Association for International Conciliation, organized in 1905, was performing highly successful work along educational lines. In 1907 an American branch was formed, with Nicholas Murray Butler as President, to which Carnegie made liberal contributions. That war could not be abolished by the expenditure of money, however large the sum, required no demonstration; yet intelligent effort in behalf of arbitration, international law, the promotion of friendship between peoples, might be propaganda of an elevated kind and a noble use of a millionaire's surplus.

In December, 1908, Dr. Butler submitted a draft of a proposed "Carnegie International Institute"—the capital idea of which was an endowment for education in the field of peace and arbitration. So fearful were the originators of being regarded as extremists that Dr. Butler recoiled from the word "peace" in the title of the new foundation. Even then, however, Carnegie was not disposed to act. "I feel that it is too much in the air," he replied, "much talk about bringing people together and all that sort of thing and nothing of a definite character. The avenues of expenditure should be distinctly stated." The proposed benefactor was then busy with his League of Peace idea, a formal alliance of great nations, with an international court and an armed force, and anything so comparatively nebulous as an organization for creating public opinion did not arouse his interest. The discussion continued for nearly two years—disillusioning years, for more and more it became apparent that the plan Carnegie had in mind, with the Kaiser as the predominant partner, could not be realized, and President Roosevelt's visit, in May, 1910, definitely brought this vision to an end. But another development now stimulated Carnegie's hopes anew. This was the speech made by President Taft at the New York Peace and Arbitration Society—a speech that electrified two continents, giving the peace crusade a momentum

that far surpassed the expectations of its most earnest advocates. In the many arbitration treaties made in the preceding quarter century one clause had always appeared: questions involving "national honor" had been eliminated from disputes susceptible of legal adjudication. That such a reservation should be made had been generally accepted as a matter of course. No nation, it was traditionally believed, could let outside tribunals pass on matters in which its "honor"—an extremely elusive term—was involved. President Taft was the first man holding influential position who called this point in question. "I do not see any more reason," he said, "why matters of national honor should not be referred to a court of arbitration than matters of property or of proprietorship. I know that is going farther than most men are willing to go, but I do not see why the question of honor may not be submitted to a tribunal comprised of men of honor who understand questions of national honor, to abide by their decision, as well as any other questions of difference arising between nations."

Enlightened statesmen in all countries received this declaration with applause. It met immediate response in Great Britain. Sir Edward Grey, British Foreign Secretary, echoed the President's sentiments in a momentous speech, and soon a treaty was negotiated in which all disagreements between the United States and Great Britain, even those involving "national honor," were to be taken to the Hague Court—a convention which aroused universal approval but which the United States Senate, jealous as ever of its constitutional right, ultimately declined to ratify. The new Taft doctrine came to Carnegie as the fulfillment of a lifetime ambition. This question of "national honor" he had long viewed with contempt. "Honor," he would say, "is the most dishonored word in the language. No man ever touched another's honor; no nation ever dishonored another nation; all honor's wounds are self-inflicted." His languid interest in a great international endowment now sprang into active life. As always when he "got the flash," Carnegie moved rapidly, and several informal meetings culminated in an impressive gathering at the Carnegie Institution in Washington, December 14, 1910, when the donor formally gave a body of twenty-six trustees, all of them distinguished in law, education, science and public life, \$10,000,000 for the Carnegie Endowment for Interna-

tional Peace. Mr. Elihu Root became first president, an office which he held until 1925, when Nicholas Murray Butler succeeded him. "I have transferd to you as Trustees of the Carnegie Peace Fund," he said in his letter of gift, "Ten Million Dollars of Five Per Cent First Mortgage Bonds, the revenue of which is to be administered by you to hasten the abolition of international war, the foulest blot upon our civilization. Altho we no longer eat our fellow men, nor torture prisoners, nor sack cities killing their inhabitants, we still kill each other in war like barbarians. Only wild beasts are excusable for doing that in this, the twentieth century of the Christian era, for the crime of war is inherent, since it decides not in favor of the right, but always of the strong. The nation is criminal which refuses arbitration and drives its adversary to a tribunal which knows nothing of righteous judgment." Carnegie then quoted President Taft's words given above. "The shortest and easiest path to peace," he added, "lies in adopting President Taft's platform." The thing to which the Endowment was expected to bend all its efforts was universal and unrestricted arbitration. Probably Morley's comment reflected the views of the most idealistic men and women on this new work: "This last noble stroke of wisdom and beneficence," he wrote Carnegie, "is the crowning achievement, and is universally recognized for what it is—a real ascent in the double spheres of ideal and practical. Two incidental things make a fit setting for a deed so splendid in its aim and purpose. One of them is the language in which you set forth that purpose, and the foundations of it. The other is the care and judgment shown in the choice of the Trustees—a sound and admirable list. Today, my dear Carnegie, you have truly made us who are your friends, proud of you."

That the endowment has not ushered in a golden age is only too apparent. Yet it is just as true that Carnegie and his associates entertained no such expectations. "The forces which stand as obstacles to the promotion of the peace of the world," Dr. Butler wrote Carnegie, enclosing his preliminary draft of the "Institute," "have their roots deep down in human nature, and the process of educating mankind and the public opinion of the nation to the acceptance of the doctrines and policies in which we so sincerely believe, is going to be a long and arduous one." That the endow-

ment entered on its work realizing its problem and conscious of its limitations, is therefore clear. From one mistake it has at least kept free; the endowment has practically no "overhead"; the income is not absorbed by salaries, but is spent on the ends the founder had in view; significantly, though the deed stipulates that the president should be paid, both the men who have filled that office have declined remuneration. Its business has been chiefly educational. The goal has not been so much definite programmes for curbing armaments and establishing peace, as the creation of a public sentiment which sometime, perhaps in the far-away future, may demand reason and justice, instead of brute power, as the decisive force between nations. The Carnegie Endowment is a perpetual body; its income, roughly \$500,000 a year, will continue so long as its investments are wisely managed and the existing economic régime exists; it will be working next year and perhaps a century hence. A cataclysm so great as the World War is merely an episode in its history; it has survived that, and not impossibly it will survive others. Whatever backslidings the nations may know, the Carnegie Endowment will patiently continue its work—that of collecting all ascertainable facts about war, its causes, its conduct; of presenting these to men and women in a multitude of ways; of studying substitutes, of bringing nations into closer relations; above all, of stimulating the "will to peace" as a successor to that "will to war" which explains so much wretched human history. The endowment is one of the world's great universities, its offices are found in every capital, its researches are at the disposal of every government and every people, its publications portray diplomatic history, especially that of modern times, in a fullness not obtainable elsewhere. Perhaps, as the pessimists maintain, it is merely chasing rainbows—the brilliant future it seeks may prove ever to recede from its grasp, a dream not realizable by depraved humankind. Yet the fact that a vast organization circling the globe spends its time promoting the finest instincts of man rather than the lowest, can hardly count for nothing. On the other hand, the prophets of evil may be wrong. The time may come when the human race may find rational substitutes for war—substitutes such as that international coöperation which the founder regarded as essential if civilization were to endure. For such a happy consummation Carnegie provided. "When

civilized nations," he said in his letter of gift, "enter into such treaties as named, and war is discarded as disgraceful to civilized men, as personal war (duelling) and man selling and buying (slavery) have been discarded within the wide boundaries of our English-speaking race, the Trustees will please then consider what is the next most degrading remaining evil or evils whose banishment—or what new element or elements if introduced or fostered, or both combined—would most advance the progress, elevation and happiness of man, and so on from century to century without end, my Trustees of each age shall determine how they can best aid man in his upward march to higher and higher stages of development unceasingly; for now we know that man was created, not with an instinct for his own degradation, but imbued with the desire and the power for improvement to which, perchance, there may be no limit short of perfection even here in this life upon earth. Let my Trustees therefore ask themselves from time to time, from age to age, how they can best help man in his glorious ascent onward and upward and to this end devote this fund."

Chapter XV

SKIBO

1914

THE summer of 1914 was an unusually brilliant one in the Highlands. The Laird himself, though verging well toward his eightieth year, was in the highest spirits. The Carnegie step had lost nothing of its quickness; his laughter was as frequent and spirited as ever, and his interest in the affairs of the world as unremitting. The longer he lived, Carnegie always maintained, the more intense would become his love of human beings and the ancient earth, and he was certainly fulfilling all expectations.

In late July the family withdrew to Altnagar, the "retreat" overlooking the Shin. Letters exchanged between Morley and Carnegie during this sojourn read incongruously today. They discussed mainly the Irish and Mexican questions; even the word "war" occasionally crept in, but it was the "war" that might possibly result from the struggle then raging between Great Britain and the difficult island to the west. The founder of the Peace Endowment was apparently unconscious of the monstrous cloud rising in Central Europe, and Morley, though a member of the Asquith cabinet, was similarly oblivious. "My good friend," he wrote, "I find it mighty pleasant to think of you and Mrs. Carnegie at Altnagar—that most delicious of resting places. It will do you all a vast amount of good. And you will guess how refreshing the very thought of such a haven is to a man in the thick of the fuss and pressure of Whitehall and Westminster. Well, we have taken a great step, as you see in today's *Times*. Like all great steps it has some risks of its own. The eight men will be all ready to work their very best for Peace."

"Peace!"—yet the peace the writer had in mind was the approaching conference at Buckingham Palace to settle misunderstandings between gun-running Irishmen and His Britannic Majesty. "I count on being free to come to Skibo about the tenth," he added.

But Morley did not come at that time. The London newspapers Carnegie so diligently read were presently giving other things to think about than Ireland and Mexico. Yet the daily accumulating threat against the principles in which he so devoutly believed and which had formed the main interest of recent years at first was not especially disturbing. A general European war? The thing was inconceivable. Carnegie's optimistic nature, much inclined to disregard realities, seemed proof against belief in such an absurdity. His faith in the Kaiser as a friend of peace had not been destroyed. It had indeed been reinforced by a second visit made to Berlin the year before, when he headed the delegation sent to convey American felicitations to William II on the twenty-fifth anniversary of his reign. As Carnegie approached Wilhelm to deliver the letter of congratulation signed by most of the intellectual leaders of the United States, His Majesty, with effusive greeting, raised an emphatic index finger. "Remember, Carnegie! Twenty-five years!—and twenty-five years of peace! If I am Emperor for another twenty-five years not a shot will be fired in Europe!" That friendly imperial declaration, "Twenty-five years of peace!" haunted Carnegie, who looked upon it almost as a personal pledge that Germany would continue indefinitely the "peace" policy of which the Hohenzollern seemed so proud. On the way to Skibo, in 1913, the Carnegie family had passed through Belgium, then, in the spring, looking its fairest. "What a beautiful country!" he said. "And to think that it is so safe! It can never be attacked. Its neutrality is guaranteed by both France and Germany, and by Great Britain as well!" Not until news came that Germany was "hacking its way through" this little neutral state, that ultimatums and declarations of war were flying in all parts of Europe, and that finally Britain, after wavering for several days between peace and war, had taken up arms against the Central Powers, could Carnegie believe that the great horror, against which he had directed all his energies and resources for years, had fallen on the world.

His old friend, Rev. Robert L. Ritchie, minister of Creich Parish, was the one to bring the news. Having obtained confidential information, it was thought desirable that Carnegie should hear of it by word of mouth rather than from the newspapers. Mr. Ritchie therefore went to Altnagar and told Carnegie that Great Britain was at war—or would be in a few hours. The statement was received with incredulity. As always when the Laird was excited, he began pacing up and down the room. "It can't be true," he kept saying. "Are you sure it is true?" Then he would burst out, "Can't America do something to stop it?" Mr. Ritchie describes him at this moment as a "very distracted man." "All my air-castles," Carnegie said, "have fallen about me like a house of cards." Any doubt there may have been about the news was soon dispelled, not only by the public press, but by a brief note from Flowermead. The struggle that had taken place in the British cabinet, and the part played by Morley in that debate, are matters of history. From the beginning he had stood against Britain's participation in the war, and even the invasion of Belgium, which brought most waverers to positive action, did not move this, undoubtedly the most philosophical member of the cabinet. All the pleas of Mr. Asquith and others could not persuade him to remain in an administration about to take up arms. Almost Morley's first act after sending in his resignation was to write Carnegie.

From Viscount Morley of Blackburn

August 4, 1914.

Flowermead,

Princes Road, Wimbledon Park, S.W.

MY GOOD FRIEND,

You will tomorrow see in the papers, I expect, that I have left the Government. You may be sure that the strain of the last five days has been severe. I have taken my best pains to come to a right and sensible conclusion, and you will know that I do not leave Asquith, who has been my friend for thirty years, without a mortal pang. As we shall meet on Monday next, I won't go into details now. I cannot imagine men showing loftier temper and tone than our cabinet yesterday; not a single unkind or wounding word.

But what a black panorama! To nobody will it seem blacker than to you. Hell in full blast. This is a sorrowful night for me—probably the last of my public life—but I am in good nerve.

Your affectionate friend,

J. M.

The Skibo to which Morley came a few days afterward already showed evidences of war. Such of the tenants as were Territorials had been called up, and the absence of men on the estate gave a gloomy impression of abandonment. The authorities had already begun to commandeer everything that was useful in war—horses, wagons, traps, and had announced that they would soon be obliged to levy on the beautiful trees, for wood was one of the most pressing needs. In the next few weeks the destruction was so great that the factor came to Carnegie in despair. Could not something be done to stop it? "So long as there is a stick of wood on Skibo," the Laird replied, "the government can have it," and ultimately the land was denuded, so that only traces of its forests were left. The spirit of Carnegie's answer was the one that pervaded the whole place. When Morley arrived, he found a friendly and distinguished company. Lord Bryce, General Sir Robert Baden-Powell, Theodore Marburg, John H. Finley, Mr. and Mrs. Yates Thompson, Sir Swire Smith, John Ross, were a few of the guests. One touching incident took place. It had been planned to unveil a bust of Carnegie in the Peace Palace in early August, and Lord Bryce had been selected as speaker. The war having made this ceremony impossible, Lord Bryce one evening called the guests into the library and delivered the appreciation written for the larger audience at The Hague.

In the next few days Morley and Carnegie spent hours on the terrace or on their favorite walks, absorbed in discussing the only theme that was then occupying any man's mind. Never had the two men been closer in sympathy, yet in opinion they were far apart. The veteran statesman unfolded his reasons for giving up public life, an act that was causing widespread criticism in Britain and America, yet an act that Morley, judging from his subsequent letters, never regretted. "I do not flinch by a hair's breadth from the stand I took when I left the cabinet," he wrote Carnegie three

months afterward. That he was completely out of tune with his generation, that his public life was finished, that old friends were looking unkindly upon his present course—all this he knew, and Carnegie's manifest kindness touched him deeply. The first evening after arrival, just before going to bed, he put in a few lines his sense of obligation. "I cannot go to rest tonight," he wrote, "without expressing to you my heartfelt appreciation of the affectionate solicitude for me that prompted you to open this morning's talk. I shall never forget it to the end of my fast dwindling days. I put it along with Grey's words to me last night, among the things worth living for."

This feeling was particularly significant because Carnegie did not agree with Morley's convictions on the war. He regarded Great Britain's declaration as justified and insisted that, the battle line being drawn, the Allies had no recourse except to fight, and to fight with all their power until the end should be attained. "I do not see how Britain could do anything else," he said, to Morley and to all whom he met. Immediately after the opening of hostilities Carnegie received a request from a group of British pacifists to join in protest against Britain's participation. His telegraphic reply, published in the *London Times* on August 8, 1914, was as follows: "Protest today useless. German Emperor refused Britain's friendly invitation to peaceful conference of the Powers, signed by no less able and peaceful a statesman than Sir Edward Grey, and proposed in turn that Britain agree Germany be permitted to march through Belgium to attack France, thus placing Belgium, Holland, Sweden and Norway open to her fleets and armies. Her Emperor, hitherto for twenty-five years the world's foremost peace potentate, has today become peace destroyer as 'War Lord' of Europe . . . The German Emperor's refusal to attend Britain's peaceful conference was followed by the present alarming upheaval of the demons of war. I believe the Emperor knew not what he did when he refused Britain's olive branch of peace, and now mourns over his error. But this is already of the past—the looms of the gods weave no erasures . . . Her peace conference having been rejected by Germany, I feel that Britain only did her duty when she promptly refused Germany's counter-proposal to be per-

mitted to invade Belgium to attack France, and declared she would protect Belgium by land and sea . . .”

Presently, however, Carnegie's feelings about the Emperor were modified. He came to regard him as the victim of the militaristic caste, and placed full responsibility upon his generals and junker statesmen. The London *Times* of August twenty-third carried another expression of opinion by Carnegie. “The German Emperor,” he said, “has not yet been proved guilty. I believe he has been more sinned against than sinning. Rulers are not seldom overruled and, at best, are unable to supervise wisely all the varying conditions of international quarrels. History alone will record the truth. Meanwhile the Emperor, who alone of all ruling potentates has preserved his country's peace for twenty-six years, is at least entitled to the benefit of the doubt.”

Opinions of this sort were not grateful at the time, and Carnegie was subjected to much hostile criticism, both in Great Britain and the United States. Even the newspapers of his own Dunfermline had an unfriendly fling. To say a good word for the most detested man in two continents was as unpopular a line as one could take. Despite accusations of “pro-Germanism” Carnegie stuck to his guns. That the fire-eating entourage of the Kaiser had precipitated the war and that that gentleman himself was only in a minor degree to blame—such was the view Carnegie frequently expressed and from which he never departed. Just as emphatic was his declaration in favor of the Allies. He pressed this view again and again on Morley, without result. Yet the difference seemed to draw the two men more closely together. “The only days of peace and refreshment in this month of despair,” Morley wrote after returning to Wimbledon, “for me at least, have been my fortnight at Skibo . . . There will evidently be no speedy ray of light upon the European scene, nor will the devil be chained safely again in your time or mine.”

The Carnegies sailed for America in mid-September, from Liverpool, Morley making the long trip from London to say good-bye. There were more hours of talk, and, as the *Mauretania* moved into the stream, Morley stood on the dock waving his farewell. Neither man knew it at the time, but they were never to see each other again.

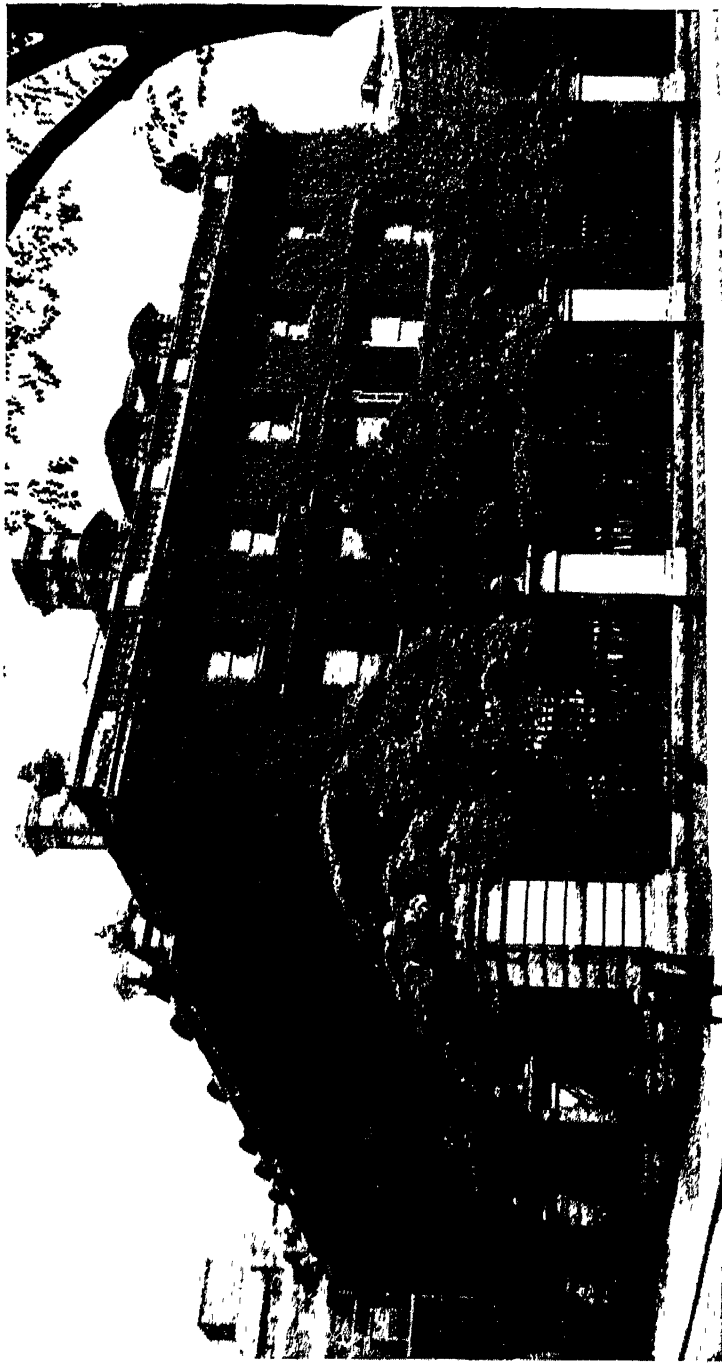
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ON HIS return to America Carnegie took up once more the familiar routine. Walks around the reservoir, the visits of friends, golf at St. Andrews, books, newspapers and magazines provided the usual relaxation. On one or two occasions his views on the European scene were set forth—and, as before, blame was fixed on the military caste in Germany and the Kaiser pictured as a tool. Appeals to Carnegie's bounty, for private and public purposes, were made as persistently as before. The fact that, in 1911, the millionaire had divested himself of most of his wealth, failed to protect him from constant solicitations. The significance of the Carnegie Corporation, organized that year, was apparently lost on a steadily increasing army of correspondents. After devoting more than ten arduous years to disbursing the interest and principal of his steel bonds, Carnegie had reached an unanticipated impasse. The operation had not proved so simple as he once imagined. "The way of the philanthropist is hard," he remarked in a sympathetic letter to John D. Rockefeller, at that time struggling with the same problem. One might think that the accumulation of \$300,000,000 was something of a task, but Carnegie had found that a comparatively simple matter; the really difficult job was to give it away. His gospel of wealth as originally formulated required that the possessor of a surplus must himself dispense it in his own lifetime. But it now became evident that this fundamental article in the strange new creed would not work. With the most heroic efforts to expend his fortune and after a campaign of the most magnificent giving the world had ever known, Carnegie discovered that more than \$150,000,000 of his steel bonds obstinately remained in his possession. He was seventy-six years old, and the likelihood was remote that, in the few years remaining, so great a sum could be disposed of wisely. In his benefactions Carnegie and his wife were partners, but Carnegie was appalled at the possibility of dying and leaving to her the fulfillment of the programme. He had learned from experience what that meant in labor, in wear and tear on the emotions, in public criticism and even abuse, and that his wife should pass her final years amid such difficulties was a thought not to be endured. The troublous widowhood of Mrs. Russell Sage, attempt-

ing to use for public ends a fortune very much smaller than the one he was in danger of leaving, haunted Carnegie.

One day he handed a formidable looking document to Elihu Root, asking him to examine it and give a reasoned opinion. It proved to be Carnegie's will, written by himself, much of it in his own hand and in his reformed spelling. The most interesting feature was a provision for a great trust, to which practically all the money was to go—a trust intended to carry out Carnegie's system of giving. Mr. Root regarded the section as cumbersome and dangerous. "You are likely to repeat the mistake of Samuel J. Tilden," he said. "Mr. Tilden, as you know, was the greatest lawyer of his time, but he failed in drawing up his own will, for it was upset by the courts." This trust provision, to Mr. Root's keen eye, offered many possibilities of attack. There was a simpler way of accomplishing the result the testator had in mind. "Why not organize your foundation now, in your own lifetime, and transfer to it the bulk of your fortune?"

Carnegie jumped at the suggestion. On June 9, 1911, the New York legislature passed an act to establish the Carnegie Corporation, and on November eleventh the first meeting took place, at the Ninety-first Street house. Carnegie read one of his famous letters to trustees—this, in its long look ahead, perhaps the greatest of all. "I hereby assign Twenty-Five Millions of Dollars in First Mortgage Fifty Year Bonds of the United States Steel Corporation, the principal of which is to be held and the interest and income thereof applied for the purposes of the Corporation, as stated in its charter, viz., 'to promote the advancement and diffusion of knowledge and understanding among the people of the United States, by aiding technical schools, institutions of higher learning, libraries, scientific research, hero funds, useful publications, and by such other agencies and means as shall from time to time be found appropriate therefor.' My desire is that the work which I have been carrying on, or similar beneficial work, shall continue during this and future generations. Conditions upon the earth inevitably change; hence, no wise man will bind Trustees forever to certain paths, causes or institutions. I disclaim any intention of doing so. On the contrary, I give my Trustees full authority



CARNEGIE HOUSE ON FIFTH AVENUE, NEW YORK,
90TH TO 91ST STREET
(*Keystone View Co.*)

to change policy or causes hitherto aided, from time to time, when this, in their opinion, has become necessary or desirable. They shall best conform to my wishes by using their own judgment . . . My chief happiness as I write these lines lies in the thought that, even after I pass away, the wealth that came to me to administer as a sacred trust for the good of my fellow men is to continue to benefit humanity for generations untold, under your devoted and sympathetic guidance and that of your successors, who cannot fail to be able and good men."

Mrs. Carnegie and Miss Margaret Carnegie cordially acquiesced in this renunciation, and thus, by a stroke of the pen, the great Carnegie inheritance passed out of family control. For two more gifts speedily followed the first, until \$125,000,000 had been transferred to the new Corporation. It was the largest sum that had ever been dedicated at one time for human betterment. After making these gifts there remained \$25,000,000 steel bonds reserved for the family, yet even this sum was presently diminished. One day Dr. Pritchett was asked to drop in at the Ninety-first Street home, where he found Carnegie, as usual when he was intensely interested, pacing up and down the library. "I have decided," he said, "to place aside \$10,000,000 for a trust for Great Britain similar to the Carnegie Corporation of New York. I shall take \$10,000,000 from the Carnegie Corporation bonds for that purpose." Carnegie was astonished when the question was raised as to the legality of this step. The money having been conveyed to trustees, the donor had surrendered forever his power to determine its use; only the trustees now had such jurisdiction, and they were limited by the terms of the deed of endowment. Dr. Pritchett called his friend's attention to this ancient principle of law and, Carnegie being still unconvinced, the question was laid before the gentleman who served as a kind of supreme court when points like this were at stake, Elihu Root. The decision from this source was immediate and unequivocal; Carnegie's divorce from his \$125,000,000 had been an absolute one. If the trustees should appropriate anything from this capital sum they could be held personally responsible! But a little stumbling block like this could not dissuade Carnegie from establishing his cherished United King-

dom Trust. Once more he put his hand in his pocket, brought forth \$10,000,000 of the bonds that had been set aside for personal use and thus decreased the family store to \$15,000,000.

One clause in the letter making the gifts aroused wide discussion. Carnegie's fondness for acting as a universal providence, of stepping into the breach when public authorities failed to perform their duty, had been frequently shown. At one time he actually planned to purchase the bonds of southern states that had defaulted in reconstruction days, thus removing from the nation what he regarded as a reproach. A representative was despatched to work on this problem and report, but the investigation showed that it was a task beyond even Carnegie's resources. The failure of the Federal Government to make provision for ex-Presidents and their wives offered a more solvable problem. This matter had worried Carnegie for years. He had been a good friend of President Grant, whose financial condition after returning from Washington had always been a distressing memory; nor was this instance exceptional. It was now proposed that the Carnegie Corporation should assume the obligation of making an allowance of \$25,000 a year to ex-Presidents and their widows, "as long as these remain unprovided for by the nation." The suggestion caused a great outcry. How unbecoming that a private citizen should fulfill a duty that clearly belonged to the State! As a result of the hubbub, the provision has never been carried out, though power lies in the control of the Carnegie Trustees and the presidential pensions can be put in force at any time. Perhaps the founder's real purpose was to call attention in conspicuous fashion to the ingratitude of the Republic in its treatment of its head; if so, the gesture proved unsuccessful, for Presidents, after retirement, still return to the practice of law, to teaching, lecturing and penny-a-lining (or dollar-a-lining), in the public prints.

For the first three years the corporation was merely Carnegie in another form. Though he had given away the large part of his fortune, he still intended to keep his hand on it. The new agency might well have been called Andrew Carnegie, Inc. He became first president, the annual meetings were held at his home, and the executive committee, which consisted of himself, his financial secretary, Mr. Franks, and his personal secretary Mr. Bertram, di-

rected the expenditure of money. During this preliminary period the gifts comprised mainly those libraries and church organs, and contributions to colleges and universities, in which Carnegie's interest had never failed, though occasionally large sums were allotted to other causes; thus, in 1914, \$2,000,000 was appropriated for establishing the Church Peace Union. In war time \$2,500,000 was given to several agencies, such as the Red Cross, the Y. M. C. A. and the Knights of Columbus, to alleviate the sufferings of soldiers in the field. Carnegie immensely enjoyed the meetings at which these gifts and hundreds of others were parceled out and always appeared in his best form, frequently adding a humorous touch to the proceedings. His secretary commonly had prepared a long list of gifts, all of which had been carefully inspected and approved in advance by the genial autocrat. "Now everybody vote 'aye'," he would say, and before his two associates could respond would come the announcement, "The ayes have it"—and several millions more would find their way to public use. In 1915, however, the year from which Carnegie's invalidism dates, the era of personal contact came to an end, the trustees taking the management in their own hands. Carnegie remained titular president, and not until his death was an independent executive chosen—James Rowland Angell, who resigned in 1921 to become president of Yale, to be succeeded by Frederick P. Keppel, for several years dean of Columbia College. Merely to catalogue the work of the Carnegie Corporation in a thousand directions—gifts to colleges for endowment, buildings and instruction, gifts for promotion of music and the arts, for libraries and library schools, for adult education, scientific research, public health, social studies of many kinds, including immigration and the foreign born—would require a volume.

But in founding this corporation Carnegie did more than provide money for a multitude of works. He created a new agency in American life. Endowments for specific purposes were not new, but a huge liquid capital, with no strings attached, placed in perpetuity in the hands of trustees for public distribution, was something previously unknown. Rich men had created many foundations for colleges, libraries, the care of orphans, the education of negroes and the like, but no one had established a fund that was pre-

dominantly a money-giving agency—had placed in the hands of trustees a great income—say \$6,000,000 or \$7,000,000 a year, the sum at the disposal of the Carnegie Corporation—which they were enjoined to apportion in ways that would best advance progress and enlightenment. How unfortunately many of the restricted trusts have turned out is a familiar story; the famous instance of the old-time St. Louis philanthropist, who left his fortune to assist stranded covered wagon immigrants, forgetting that the day might come when this system of transportation would pass into oblivion, is only one of a long procession. Carnegie, it is true, suggested several activities in which the Corporation might engage, all of them things in which he was interested at the time, and he also wished his already established foundations to be regarded as more or less under its wing; but he did not make these wishes definite stipulations, and, in subsequent clauses, gave the trustees and their successors full power to choose the objects of benevolence. This form of organization was something new. The extent to which other men and women of wealth—Rockefeller, Harkness, Rosenwald and the like—have followed his example of establishing great money-giving funds with no “dead hand” attached, shows that “philanthropy” has been placed on a new footing. These foundations, twenty of which disburse not far from fifty million dollars a year, the two largest being the Carnegie Corporation, with resources of \$160,000,000, and the Rockefeller Foundation, with \$147,000,000, have really become a new estate in the American realm. Carnegie’s original purpose, of showing men of vast wealth—wealth that, as he pointed out, is largely the creation of the community itself, to which it has a moral if not a legal claim—how to fulfill a useful purpose and help balance the necessary inequalities of the existing economic system, may thus be regarded as achieved. Millionaires who today die possessed of great surpluses undedicated to public ends, die “disgraced” indeed. To have engendered this new morale in men of his own kind, to have caused literally billions of dollars that, in the old day, would have rested in private hands, to flow in channels that promote the well-being of the common man and add to the amenities of his existence—this was Carnegie’s lasting achievement.

3

THOUGH, in these invalid years, the distribution of his wealth passed out of his hands, one department had close personal supervision. This was a benefaction of which the public, for obvious reasons, had little knowledge: his private pension list. "When I lie awake at night," Carnegie would say, "and get to thinking about my gifts, my pension list is the thing that comes closest." The roll was precisely what its name signified, a collection of men and women who, for one reason or another, received annual stipends. It had been started when Carnegie was young, growing in size with years and prosperity. Many of the pensions were small, \$25, \$50, or \$100 a month, to humble unknowns; some beneficiaries bore famous names—poets, scholars, novelists and statesmen who, as age came on, had lost earning power and who, except for these generous monthly checks, would have spent a distressing superannuation. Occasionally not pensions but lump sums would fall into the laps of men whose misfortunes had come to notice. One morning a distinguished American Archbishop of the Roman Catholic Church, in the midst of serious financial troubles, was astonished to find a letter on his desk from Carnegie, whom he hardly knew, containing a check for \$10,000. Other cases like this could be cited. A further group comprised men and women in their prime, performing what Carnegie regarded as inestimable social service; the idea was to relieve such valuable citizens of anxiety for their daily bread, thus giving their energies unhampered scope in chosen fields. College professors who for technical reasons could not receive retiring allowances from the Foundation were sometimes quietly attached to the personal fund. In these annuities the giver's enthusiasms are reflected. The appearance on the list of the great granddaughter of Robert Burns needs no explanation, and what name seems more appropriate than Galusha Grow, the author of that homestead law which Carnegie, as a boy, admired as one of the greatest forces in building America?

Most of the names represented charity pure and simple, made in response to appeals. Several hundred letters a day, occasionally as many as a thousand, came to Ninety-first Street, from all parts of the world, written in all languages, including Chinese ideographs,

nearly all requests for money. These huge bags of mail, representing all types of correspondents, rich, poor, honest, corrupt, threatening, cranky, actually insane were beyond the capacity of any one man to read. "The Lord has got tired of beggars," Carnegie would remark, glancing at the mass. "I know just how He feels." Yet all were inspected by assistants who had instructions to winnow out the deserving, and especially those who had a personal claim, and place them on his desk. Such he scrutinized carefully, even affectionately. Many that brought back memories of boyhood and youth were found delightful reading. If the case seemed worthy, it would be endorsed in pencil and passed on to the financial agent. "Yes, \$50 a month." "Sure, \$25 a month." "By all means put him on the list for what seems needful." "See that this old lady wants nothing to make her comfortable." "Give — my warmest regards and put his name down for \$150 a month." "Can't be sure about this; the man is a heavy drinker and to give a drunkard money only does him injury . . . My pension list is my chief joy and I want no bad names on it." In this last case, however, Carnegie relented when the old reprobate signed the pledge! A mountain of this correspondence survives; to examine it, even hastily, is to trace once more Carnegie's long life as it appears in the foregoing pages. One of the pensioners is an ancient Scot, who qualifies on the ground that he had rocked the future millionaire in his cradle. Companions at the Rolland Street school, living in the four quarters of the earth, old, worn-out, otherwise in poverty, are drawing modest allowances from the child they used to pursue with cries of "Martin's pet." Some claims for bounty seem flimsy enough, yet they are usually recognized. "I held your books till you ran a race," pleads one old lady, a former school-mate, and not in vain. Elderly ladies who were once Carnegie's childhood sweethearts have things made pleasant for their declining years. These early associations strike a responsive chord, and Carnegie's scribbled comments on such letters reveal his human side. Someone writes about the sad situation of a daughter of postman Ritchie, an inseparable companion in childhood. "Yes," Carnegie notes on the letter, sending it to his Scottish almoner, Sir John Ross, "if deserving put her on the pension list for necessary aid. I remember postman Ritchie well. He took me to Gillespie Church in front

pew upstairs. When congregation began singing the psalm he made me stand up on the seat and told me to sing. I began boldly, 'Come under my plaidie.' I think I hear my childish voice now. Of course I was promptly squelched." The friends of the early American time, many of them extremely humble, similarly receive consideration. The daughter of the manufacturer who gave Carnegie his first job, at \$1.25 a week; fellow choir members in the Swedenborgian Church; once prosperous Pittsburgh merchants, now decrepit in body or purse, to whom the messenger Andy used to deliver telegrams; descendants of James Anderson who opened his library Saturdays to "working boys though not bound"; old partners in iron, or their children, who had fallen by the financial wayside; almost anyone whom Carnegie knew in these struggling days is protected against want. Two maiden sisters are admitted for this reason: "I used to dance with them when I was a gay young man."

The operator who helped teach him telegraphy is here discovered facing destitution in his last days, but the response is immediate as soon as the news reaches the right quarter. "He was kind to us boys," is the comment; "remember me most kindly to my operator boss." The daughter of an early employer, a lady of fine character and cultivation, is reduced to poverty when her husband, after defaulting in his accounts, leaves for parts unknown. Carnegie is stirred to admiration when he learns that she has relinquished all her personal property, including her home, to help make good the stolen money. "What a woman!" he writes, at the same time putting her on the list for \$3,000 a year. A teacher of Greek at Yale, reaching retirement, finds himself inadequately provided for, and a brother professor puts in a word. This gentleman's wife, it appears, is a daughter of an intimate friend in the old railroad days. "Her father," Carnegie comments, adding her name to the roll, "lent me \$217.50 in order to make my first payment on sleeping car stock, taking my note without security, saying 'Yes, I'll lend it to you, Andy, you're all right!' so his daughter may have no hesitation in coming under my wing, as it were." A lady, one of Carnegie's social circle in early days, the daughter of a rich and prominent man, unexpectedly finds herself penniless on her father's death. In this instance the \$5,000 pension is transmitted through Mrs. Lucy Carnegie, also an intimate friend, the source of the bene-

faction being thus concealed from the lady's knowledge. Another famous anonymous gift—or an attempt at one—is related by Professor John C. Van Dyke. On a Mexican desert he came across a broken down American named McLuckie, formerly a worker at Homestead and one of the leaders in the strike of 1892. Dr. Van Dyke wrote his friend Carnegie, describing McLuckie's plight. At once came a reply: "Give McLuckie all the money he wants, but don't mention my name." But McLuckie had meanwhile got a job and declined assistance. A year afterward Dr. Van Dyke ran across the old mill hand again, now on his feet. "McLuckie," said Dr. Van Dyke, "I want you to know that the money I offered you was not mine. That was Andrew Carnegie's money. It was his offer, made through me." McLuckie was fairly stunned, and all he could say was "Well, that was damned white of Andy, wasn't it?" "I'd rather have McLuckie's words on my tombstone than any other inscription, and I wouldn't want any dash between the d's" was Carnegie's comment on this anecdote.

Perhaps the most affecting pension group were Carnegie's associates and subordinates in the years from 1859 to 1863 when he served as superintendent of the Western Division of the Pennsylvania Railroad. All these conductors, engineers, brakemen, station masters and clerks grew old along with their former chief, most of them, in their final years, feeling the chill of want. No worthy one appealed in vain to the "Little Boss." In fact Thomas N. Miller had instructions to search them out and bring all their cases to Carnegie's attention. A friendly greeting usually accompanied the note granting the allowance. "Give him my warmest regards." "How well I remember John!" "He was one of the best of our men." "Tell him if he is ever in New York to drop in and see me." And sometimes a comic incident of the old days would be recalled. Another group were his fellow telegraphers in the Civil War. The go-between in this instance was David Homer Bates. Many unsuccessful efforts had been made to put these veterans on the Federal pension list—an omission that angered Carnegie, who struggled year after year in their behalf, not so much for the money, but because he insisted they were entitled to recognition. All arguments having failed, he passed a little pension bill of his own, allotting the more than two hundred surviving telegraphers the

identical monthly stipends they would have received had Uncle Sam not been neglectful. Carnegie would act *in loco parentis*, he said, until Congress should relieve him, a vain anticipation, for such Civil War telegraphers as survive, or their widows, are at this moment drawing their Federal pensions from the Carnegie estate.

A charming occupation, this, for an eighty year old—reading letters of ancient associates, providing the means of making peaceful their last days, swapping reminiscences and chuckling over them. The first “pension” letter in the archives is dated 1881—this to “Ailie Fargie” who in 1848 lent Margaret Carnegie the £20 that made possible the “fitting” to America—and the last ones, in the final period, signed with the trembling hand of a feeble old man. At the end, Carnegie was distributing about \$250,000 a year in this fashion to nearly 500 beneficiaries; to make sure that the pensions would continue after his death a trust fund of \$5,000,000 was established, out of which a large number are still being paid.

4

DEPRESSED as Carnegie was by the dark period of war and universal misery, he became the central performer in one episode that showed him again in the old light—a final glimpse, before sunset, of the Carnegie that had rollicked and philosophized through eighty years. In February, 1915, he appeared as a witness before the Industrial Commission. This was a body appointed by President Wilson to study the conditions of working men—to survey the relations of capital and labor, the social status of the proletariat, the question of wages, strikes, unions and the like. To these familiar topics a new one had been added—for which Carnegie was chiefly responsible. In these money distributing foundations certain observers had foreseen possibilities of evil. The concentration of large sums in the hands of “irresponsible trustees,” the danger that “interlocking directorates” might gain the upper hand in a great “charity trust” as in railroads, industry and banks—the perils against which the nation should protect itself were, it must be admitted, a little vague, yet, in the minds of unfriendly critics, they seemed quite real. That Andrew Carnegie and John D. Rockefeller should be summoned, on the same day, to defend their pol-

icy of public giving as well as to say what could be said about their business careers, naturally made this particular hearing a popular event. A large audience had gathered, for the most part a hostile one. Single taxers and members of the I. W. W. were conspicuous; socialists, men and women, occupied preferred seats, and progressive thinkers of all schools, predisposed to believe the worst of rich men, accentuated the frigid atmosphere. As Carnegie jauntily stepped upon the dais to the witness chair, his reception was quite different from that to which he had been accustomed at the St. Andrews Society meetings or in freedom-giving Scottish towns. No man's nerves were more sensitive to personal currents, yet that the audience was evidently not composed of friends did not ruffle his spirits in the least. He bowed deferentially to the Commission, and then, sweeping the stolid faces before him, greeted the assemblage with his most winning smile, and through the entire proceeding was far more interested in the socialistic ladies and gentlemen than in the formal inquisitorial body. He quite disregarded the etiquette of such inquiries by addressing most of his remarks to the audience.

"What is your business, Mr. Carnegie?" asked Mr. Frank P. Walsh, the chairman and examiner.

"My chief business is to do as much good as I can in the world; I have retired from all other business."

The witness then said that he had prepared a written reply to the questions submitted, and asked the privilege of reading it. For the next few minutes the little white haired figure appeared in all his phases. He stood while reading, holding the paper in one hand, frequently gesticulating with the other, his voice now and then breaking into a quaver, full of intensity and emotion, his face displaying all the mobility of a born actor, changing from grave to gay, the speech itself now registering deep conviction, again turning to comic anecdote—the whole thing, both speaker and address, tingling with personality, earnestness and infectious good humor. Presently the stony faces of the enemy began to relax, even the most forbidding contingent, the feminine socialists, succumbing to his charm. Their presence, indeed, proved an inspiration; the orator, casting his manuscript aside, stepped to the edge of the platform, turned his back on Mr. Walsh, by this time furiously seeking order by pounding his gavel, and delivered an impromptu eulogy

on American womanhood. "One of the greatest triumphs of this age is the elevation of woman!" An impromptu chat followed about his travels in China and the backwardness of orientals in the treatment of the more important part of the human race. He quoted Milton: "He for God only, She for God in him"—quoting, however, only to deprecate the sentiment and to show how far the modern American age had improved the status of the seventeenth century.

By this time most of the feminine auditors had forgotten their conviction that any man as rich as the man before them must be a heartless ogre. The masculine contingent had also absorbed the Carnegie spirit. The address covered most controverted points in his career—treatment of workingmen, the Homestead strike, the tariff, and the rest. The first sallies brought faint smiles from the audience, smiles that widened into grins, which finally expanded into peals of laughter. Mr. Walsh wielded the gavel valiantly, threatening to clear the hall, but ultimately relaxed his efforts and, with his brother commissioners, leaned back to enjoy the show. A few feeble questions were propounded. Did the witness believe in "collective" bargaining? He did indeed; anything could be settled if he and the workmen or their leaders could only get round a table together. "I knew them by name and I delighted in it. And you see, behind my back they always called me 'Andy.' I liked that; I would rather have it than 'Andrew' or 'Mr. Carnegie.' There is no sympathy about these. But once you have your men calling you 'Andy' you can get along with them."

"Just a question or two," Mr. Walsh purred, "and then we will excuse you."

"I am in no hurry," the witness replied, winking at the crowd. "I am enjoying this immensely."

The evil consequences of foundations was broached. Would not rich men, by giving money to educational institutions, control their professors and dictate the instruction given? The witness opened his eyes in astonishment at the question; such an idea was new to him. Should the government exercise supervision? "I would be delighted to welcome them." Should publicity be given their activities? Had Mr. Walsh ever heard of the gentleman who asked "Why was Lazarus a beggar?" "We have never thought there was

any doubt on that question," was the reply. "It was settled long ago. He did not advertise." After the laughter had subsided Carnegie explained: "Now I believe in advertising. I would like more men, more people, to get interested in my foundations. I am so sure they will be benefited that I would welcome them all; and I would not mind having more directors tomorrow."

Though, as Carnegie said when he left the witness stand, he had never "spent a more agreeable afternoon," the experience had proved a trying one, for his emotions were highly keyed, and that the excitement had been exhausting was apparent in the next few days. It was Carnegie's last public appearance. In the latter part of February he caught cold and was confined to his bed for two weeks with a severe attack of grippe. The man who rose from that illness was a different person from the lively witness before the Industrial Commission. The old fire and keenness had vanished, and from this time forward, Carnegie was a feeble, broken man. Most of the things in which he had delighted—walks around the reservoir, golf at St. Andrews, active coöperation in the work of the foundations—were laid aside. Only a few of the most intimate friends now had free access. Occasionally he wrote a letter, or affixed his signature to a pension grant, but for the most part this, one of his greatest pleasures, was no longer within his grasp. Carnegie lived for nearly four years after his breakdown, almost completing his eighty-fourth year, but the old time vigor was never regained.

Chapter XVI

LETTERS FROM MORLEY

1914-1919

CARNEGIE's illness interrupted his Sunday morning letters to Lord Morley. However, the correspondence between Ninety-first Street and Flowermead, Wimbledon, still went on, Mrs. Carnegie taking her husband's place. Letters written to a man are frequently quite as revealing as those he writes himself, and it would be difficult to find a more sympathetic portrayal of Carnegie, both during this period of invalidism and in his more robust time, than appears in the affectionate communications that came regularly from Lord Morley to the man to whom he constantly refers as his "best of friends." No further explanation is therefore necessary for the selection that follows. How keenly Morley felt the separation is apparent from his impulse to defy the submarines and come to New York—one time actually going so far as to obtain his passport and arrange sailings. Both men were now octogenarians; the European scene represented everything that was most odious to their ideals; these letters, certainly in Lord Morley's case, stood for almost the one cheerful light in the surrounding chaos. The documents themselves have a war-beaten look; all have been opened by the censor, and an occasionally missing page indicates that the writer may have indulged in sentiments which that functionary deemed worthy of obliteration.

Viscount Morley to Mrs. Carnegie

May 19, 1915
Wimbledon Park, S. W.

DEAR MRS. CARNEGIE,

It is truly kind of you in the midst of your home trouble to send so full a word to an absent friend. I had heard one day last week

that something was amiss with him, and have been wondering how I should approach you. Nothing has caught my eye about it in our newspapers.

It is indeed distressing. I cannot bear to think of that pulse of such extraordinary vitality and force going down by a single beat. You are evidently doing all that tenderness and good sense could lead you to. That I know full well, you may be very sure.

It is no surprise to me that the strain of the war should be counted among the causes of his illness. I don't believe there is a man in America, or here, to whom this black cloud of misery and horror that has swept over mankind could bring more mortification of heart and soul than to him. This crash of the best ideals of a lifetime may well break us down. I sometimes fall into the impiety of wishing that I had disappeared from a world that can never be the same for some of us again.

Well, my dear Mrs. Carnegie, you need no words to assure you of my heartfelt sympathy in this hour of trouble. And with all of you. This very time last year, and for many a year before that, we were looking forward to Skibo. What a wretched change! If there is anything that I can do—in writing to him, or even by crossing the Atlantic for a “crack” with him—you will command me. He has been my best of friends for more than thirty years.

It would be most kind if Margaret or Miss Stella would put a slip of paper in an envelope for me with a bulletin now and then.

I am sorry I cannot give you good news of my wife—but she is anxious I should give her love to you all.

Yours,
M.

October 31, 1915
Flowermead,
Princes Road,
Wimbledon Park, S. W.

MY DEAR MRS. CARNEGIE,

. . . This morning I had a waking dream—that I was at Skibo and should once more find myself, on going downstairs, at that joyful and hospitable breakfast table, with the cordial cheerful talk all round, followed by the feeding of the dog, the bustle of the

cars, the walks in the glorious garden, the day on the yacht, the kind return home in the late afternoon, the brisk discussions over letters and newspapers. Then how painful to awake to the realities—the cheerless skies, the trees stripped of leaves, the black pall of war outspread, poor Skibo deserted, and you two, battling with home anxieties across the Atlantic out of sight and reach.

I do indeed wish I knew whether the wonderful good promise of my good friend has gone forward without breaking or paling. It was so splendid, that I hold fast to it, and insist that the sun is still shining for many a long day. By this time I guess that you are at home again, and I trust it meets you in good heart. I have a feel that a birthday is due before long. In sanguine moments of good spirits I screw myself up to the idea of a wild flight to you, in spite of submarines. Then prudence comes in with its chill—and I cling to my fireside. I am busyish with my ancient quill, and also saying a word or two occasionally in the House of Lords. The medico bade me take my wife to Harrogate for waters, etc., and the thing did her good, but I fear it is temporary. She often and often talks of you, and your sister, and Margaret. You have always been so kind to her.

Peace does not seem very near. If it were not unmanly, I could wish that I had slipped off my mortal coil, before these myriad horrors had come upon the earth. There can be no compensation.

You will give my warmest good wishes and affection to A. C.—and accept my sincerest attachment to yourself and Margaret.

J. M.

November 9, 1915.

Flowermead,

Wimbledon, S. W.

MY DEAR MRS. CARNEGIE,

Your letter of October twenty-eighth has just come, and I am shocked to hear that my answer to A. C.'s unforgettable letter to me of August second never arrived. Why, I acknowledged it on the very instant, as well I might, for I don't think I ever got a letter in my life that touched me more deeply. But, as it happened, the outgoing mail that time was the *Arabic*,* and it occurred to me

*Sunk by a submarine, August 19, 1915.

that my letter went wrong as the boat did. I wrote you a line, telling you of my apprehension, but this may have miscarried also, as you inquire whether I received the pencil letter of August second. It would be October twenty-eighth, for you describe what is evidently a quite natural process of recovery, and that is the very thing we hope for and look forward to. It is a great honour and credit to Dr. Garmany that he should have been so sanguine all through. Your account is really most delightful, with bits of detail that are easily filled out in a cheerful whole—even Laddie II.

Life here is rather a heavy burden, as you may well suppose. Political perplexities, military horrors, ruinous waste of Treasure, the desperate outlook for the European world and its civilisation—make miserable companionship for day or night, and the pressure on one's fortitude is sharp. I do not write to A. C. this time, because words in a letter sometimes are irritating, though they would have passed without a ruffle in one of our famous Skibo disputations at breakfast, luncheon and all the rest of the day. They will be renewed, I trust, but we shall not be quite the same men—except in warm affection for one another. I shall see Armitstead* today, and will give him your message. Good bye, dear Mrs. Carnegie, and love to you all from us two here.

Yours

M.

December 24, 1915.

Flowermead, Princes Road,
Wimbledon Park, S. W.

MY DEAR MRS. CARNEGIE,

Last night to my great joy your famous packet of calendars arrived. I had been rather dejected about them for a day or two, but my wife's faith in you never despaired for a moment. Suddenly with much triumph she burst into my quiet library, brandishing the little packet in her hand. Well, I am really and truly grateful. I have got so used to them that they are almost as much a part of my daily life as Pen and Ink.

Sir Swire Smith looked in here a day or two ago with news of

*Lord Armitstead, Gladstone's closest friend, and one of the "old shoes" at Skibo.

your movements, and was able to give me the right geographic information about them, with good accounts of A. C. How much I rejoice in them, and turn them over in my mind, I need not tell you. It is splendid. I am not sure, though, that I should care for life in a houseboat. Anyhow I would rather have life at Skibo. How glorious those days were!

You will know that our good friend Armitstead has gone—in his ninety-second year.* Life had little more to offer him—still death is death. And we had been good friends since five and twenty years ago, when he took Mr. Gladstone and me for a holiday at Biarritz. Peace be to his ashes. He was what we call in Lancashire “jan-nock,” that is to say genuine and sterling.

Life is nothing less than hideous in Europe. Some who blamed me for leaving the Cabinet are now very unwillingly beginning to think that perhaps I was right, and the Cabinet which makes such a mess of things today (Dardanelles etc.) may have made a mess when they helped Europe to blunder into war. I now gang my own gait, and stick to my pen, though keeping my eyes open to events.

Be sure, if you please, to say a word of remembrance from us two here to Miss Whitfield and Margaret, and be sure with what affectionate and sincere feeling I sign myself to you and A. C.

Your friend,

JOHN MORLEY

February 16, 1916.

Flowermead,

Princes Road,

Wimbledon Park, S. W.

DEAR MRS. CARNEGIE,

It gave us such deep and real pleasure to get your card of the thirtieth here yesterday. It seems as if we were so far off from one another. The pretty picture of your novel home does something to reconcile us to distance and the rather painful ebb of Time. It will soon be two years since we parted, and I am not sure that your dear Skibo will come to life again in 1916. That is sad enough, and the hateful cause of it sadder still.

It is a bit of true sunshine that my brave hero of a friend is still

*Lord Armitstead died December 7, 1915.

progressing. I wonder if he is allowed to read books, or to have them read to him. I have been delighting some idle hours by the four vols. of Walter Scott's *Journal* and *Letters*—not Lockhart's *Life*. It does one good to think of that manly wholesome hearted fellow. Carlyle's essay on Scott is a good deal too censorious for me, but he is right when he says no sounder piece of British manhood was put together in that 18th century of Time—his fine Scotch face with its shaggy honesty, sagacity and goodness . . .

I wish I could be transported in your direction by some piece of rapid air-craft, now devoted to more diabolic purposes by far.

My wife is a good deal better, for our early spring has been exceptionally bright, and the growth of crocuses and the advent of the birds and squirrels whom she provides with food, make her cheerful. She sends you and A. C. and all of you her warm love—as warm as if you were round the first corner. Tell A. C. that I mean to send him a political epistle when you tell me he will like it. I do not promise that it shall be brilliant.

Your affectionate friend,
J. M.

Viscount Morley to Carnegie

March 6, 1916.

Flowermead, Princes Road,
Wimbledon Park, S. W.

MY DEAR GOOD FRIEND,

This prolonged severance of talk between us two is by no means the least of the troubles of the day. I don't know whether a letter really comes into your hands; I do know that my reply to your first long letter did not get to you. I never felt before how much this privation amounted to. 'Tis a year and a half or more since our parting on the Liverpool railway platform. Well, I'm constantly with you in spirit and imagining a ramble with you in the Skibo woods and gardens. We should be bound to hit on different points of view; we have never failed in that, and are never likely to. Yet substantial agreement below the surface of talk would always be there—even about the formidable Curse that now hangs over what absurdly calls itself the civilised world.

There is a story of the death of Pericles. When he lay on his

couch, nearing his end, his friends gathered round, and talked to one another of the great good things that had filled his life. They did not know that he overheard. Suddenly he raised himself and said—"You miss the greatest of all. No Athenian by my means was ever made to put on the apparel of mourning." You guess that I recall this in thinking how I exult that I never sat for an hour in a war cabinet, tho' I was once responsible for a frontier war with a tribe of border wild-cats, but it only lasted a fortnight and only cost £35,000.

And you, too. I never get one of the publications of your Peace Endowment, without a warm feeling for the founder of the Endowment, and of the comfort it must be to him to have had such a happy inspiration, in spite of the unspeakable discouragement of the hour. Europe is devastated by Plague and the Black Death, but that is no reason why Pasteurs and Listers should not persevere in search of healings.

Meanwhile I nurse an unyielding resentment against the little score of men in Europe (England is in Europe) who are responsible for this appalling and sanguinary blunder—not to give it any worse name.

I am as industrious as ever, in my library—that in fact I owe to you—and with my pen. I hope it will come to something that sensible people may take an interest in. We'll see.*

Today we are all reading Mr. Root's address. I keep saying to myself—"I wonder what Carnegie has to say about all this?" I have an immense regard for Root, whom I have been accustomed to think far the best of all your political men. But I am bound to be on guard on the "campaign" element. As it is, and provisionally, I don't seem to like much what he is driving at.

Our weather has been rather cruel for the last fortnight—snow, bitter north winds. They make us envy your houseboat and the warm stream.

Send me a little message, will you? With kindest words, thoughts, affections to all, all of you,

Yours always and always

J. M.

*Lord Morley was engaged in writing his *Recollections*, published November, 1917, two volumes,

April 14, 1916,
Flowermead,
Princes Road,
Wimbledon Park, S. W.

MY DEAR GOOD FRIEND,

It was a real and rare pleasure to have your kind note of March tenth. It was like old times to hear your voice once more in your best high spirits. It is splendid in you not to let the light of good hopes be quenched. It brings all our genial breakfast talk vividly into my mind. And I like your kind words about poor dear Armitstead. He had a warm appreciation of you. He was a man of brave strong will—which, for that matter, is your own breed, and I know no better.

I rejoice to think of you as finding comfort for vacant hours in ancient sages. They will help to round off your comprehension of the ways of the world and human destiny.

Old friends often ask me whether I ever hear from you, and how you fare. It is pleasant to me, and will be to them, to tell a good story of you. Courtney—who is over eighty-three—made a speech an *hour* long this week in the House of Lords about free trade—well worked out too.

I've been reading some *Franklin*. Well does he deserve a place upon your walls at Skibo—*better* than some people there.*

We are coming to stay at Miami next winter—so you say. That is settled!!!

Good bye my dear friend.

Yours always,
JOHN MORLEY

I will give your friendly remembrances to the Thompsons and others.

September 15, 1916.
Flowermead,
Wimbledon Park, S. W.

MY DEAR GOOD FRIEND,

I need not say with what delight I got your letter. You blame your pen. I am grateful to the pen all the same, and find no bare-

*Probably a whimsical reference to the fact that Morley's own portrait was there.

ness in it, save a trifle of *brevity*. But when people are recovering their health, they are right to be brief.

You speak of The Hague, and I hope it may come in good time, but whether there is any Hague or not, Skibo will do just as well for you and me to have our own private congress in the spring.

I hope you won't think me a truce-breaker about my promised visit to Connecticut.* I got a passport, and looked out for a passage. But Parliament meets again on October tenth, and I am told that I should do wrong to be out of the way, as important things may come up, especially in the House of Lords. I hang on to Parliamentary proceedings with a very slack thread, still the habits of public duty keep a hold on one's mind, as no man in the world shows more extraordinarily than yourself.

My wife sends her love to you. You need not to be told how constantly and how warmly we think and speak of you.

Yours always,

J. M.

We have been friends for over 35 years!

November 2, 1916.

Flowermead,

Wimbledon Park, S. W.

MY DEAR FRIEND,

Your birthday falls about this time, and I think myself very ill used by the stars that I am not coming over in person with my good wishes, and a pressure of hands. Well, you know how warm those good wishes must be, and are. We have known one another, I think, the best part of five and thirty years, all through mighty changes of outer circumstance for both of us. Those changes have never made a jot of difference in our mutual respect, attachment and hearty affection.

In my walk this great autumnal morning, under sunshine and golden leaves, I had you in imagination by my side, with your big dog and my little one to attend us, as so many a time before now in our long list of bygone years. It rejoices me to know, from your message to me through Bryce the other day, that you are as insistent as you have always been on the victory of Good over Evil.

*The Carnegies spent the summer of 1916 at Noroton, Connecticut.

I never doubted that you were the bravest of the brave. I am glad that you are not as near as I am to the frantic demoralisation of the hour. But be glad to know that I look on with grim serenity and hold my peace, and work industriously at my literary tasks on which I look with confidence on that splendid sympathy and encouragement in which you have never, never failed me.

I am often asked about you by your many and important friends in this island.

We are all looking for your election next week. The date recalls my being at Chicago in November, 1904, when Roosevelt won his famous "landslide victory." How the World's Top goes spinning round!!!

Salute Mrs. Carnegie and also Margaret, from their two grateful friends in this quiet home. Always, my dear friend,

Yours most affect.

J. M.

January 31, 1917.

Flowermead,

Wimbledon Park, S. W.

MY BEST OF FRIENDS,

I meant to have written you a buoyant and cheerful letter, in spite of everything. But the best laid schemes of mice and men—you know what happens to them. An acute and dangerous bout of influenza knocked me off my perch, and left me so devoid of strength that the doctors have kept me nine weeks in my room. It was not so bad as it sounds, for I could read, think, pen words and sentences in my imagination, recall happy and important days—among the latter none happier than walks and talks and cruises at Skibo. (Perhaps they may occur over again in a reasonable distance of time this fresh year—who can tell?) Well, I have nothing to complain of, after all; few men have been so little impeded in a longish journey by ill health. And now that I have turned the dangerous corner, the medico declares that this long spell of compulsory rest will leave me all the stronger for another lap in the course. That, between ourselves, I wholly doubt.

And you, my dear Carnegie? I long for even a *hint* of news of you. I wonder if by chance you leave New York again for a house-

boat in the South? Our winter here is one of the most wicked and cruel that ever was known. And I need not tell you of all the things that are worse than weather.

I am kept pretty well abreast of events by old political comrades, but there is little to say about them in a letter, though you and I should find food for great banquets of talk, if face could answer face. Well, by and bye we'll have a banquet. Whether or not, you are constantly in my warmest thoughts and feel.

Your very devoted friend

J. M.

Viscount Morley to Mrs. Carnegie

November 30, 1917.

Flowermead,

Princes Road,

Wimbledon Park, S. W.

MY DEAR MRS. CARNEGIE,

Your two letters of the first and eleventh of November reached us within a day or two of each other, and they both of them gave us lively pleasure. We were delighted to have news, and on the whole satisfactory news, of my best of friends A. C. And then, though I am not more of an egotist than most writers of books, I was specially pleased my two volumes had at last reached their destination and that you both found them interesting. There is nobody whose interest I was more covetous of. I greatly liked your saying that in the printed pages you seemed to behold the face and hear the voice of their author. That, after all, according to me, is the very best of biographic or autobiographic successes—the familiar ring of the friend's voice. I'm sure there must be here and there a thought or a phrase that jars. Well, in such a long and diversified survey that could hardly be helped. I only hope that much may be forgiven to Sincerity yoked with Charity in my judgments, both on persons and events.

The press has so far received me with a chorus—really unbroken—of sympathy and favour both literary and personal. I send under another cover a few specimens of this good opinion, and nothing pleases me more about them, than they will please certain people in East 91st Street. Of this I am certain. How I wish I could

drop in for an hour or two every evening for a week. Swire Smith has been here today, fresh from a long talk with Mr. Allan Baker, whose story was indeed delightful to hear. It half tempts me to cross the Atlantic. Will you read all this to A. C. and assure him, and yourself, of my warm affection today and all days?

M.

Carnegie to Viscount Morley

January 21, 1918.

MY DEAR, DEAR FRIEND:

Your wonderful book of recollections has given me rare and unalloyed pleasure. You have dealt with matters of state as no others could in my opinion, especially those of India and Ireland, and everyone here is extolling the book. I have read every word of it as if I were again talking these things all over with you face to face on the terrace at Skibo. Your references to me are all too flattering, but I am not altogether displeased, though you know my modest nature!

I feel confident that with America's help, the great war cannot last much longer, and Madam and I are talking and thinking of the time when we will return to Skibo and have you with us once more. We intend spending all of this winter in New York for after all our own home is the most comfortable spot we can find at this season.

With constant and affectionate regards to you and your dear wife in which Madam warmly joins,

Yours ever

ANDREW CARNEGIE

Viscount Morley to Carnegie

February 8, 1918.

Flowermead, Princes Road,
Wimbledon Park, S. W.

MY BEST OF FRIENDS,

I never had a letter that gave me more peculiar pleasure than yours of January twenty-first. First of all, it was delightful to think of you in full health and strength to write it, and beside to do the

long spell of reading through a couple of heavy, and not light-handed, volumes. As for my book, the critics here have been wonderfully indulgent; but your warm liking for it moves me more than all the critics put together. I seem to hear your very voice, as if we were pacing the Skibo terrace arm in arm, together. It warms me to the core that my leave-taking of the author's pen does not shake your feeling for me.

We have done a good space of our long journey with substantial understanding of one another, and unbroken general sympathies. You have held to me, through it all, with your courageous spirit and sheltering hand. As I think of it, and of your last letter, and sit down to write this instant word of acknowledgment, I have something of the feel in me that I used to have as I heard the organ of a morning at Skibo. Cordial affection for both of you.

Yours,
J. MORLEY

November 21, 1918.
Flowermead,
Princes Road,
Wimbledon Park, S. W.

MY BEST OF FRIENDS,

I think your birthday comes this month, and you will let me show that I am not graceless enough to forget it. I have no sort of philosophy ready for one of these anniversaries. You don't need that sort of medicine—perhaps less than any other man, past or present known to me. The world has not gone altogether the way that either of us would have chosen. But I feel pretty sure that this mishap has been through no fault of ours. And it may *possibly* turn out that though the road may have been ill chosen, the end of the cruel stage may not prove an uncompensated mischief for mankind. You and I shall not survive to cast up the great account, for I am four score next Christmas, and you are just over, while I write.

I had a kind delightful letter from Mrs. Carnegie in the early autumn, which brought back a flood of old associations with you and your household. It made us two here somehow feel happier in

thinking of you, and freshened up dear memories of Cluny, Skibo, and all the places where you made life a joy to us.

I sometimes dream that you may cross the Atlantic this summer. Shall I? "I ha'e ma doots." Do you reproach me? You were always far the bolder and more valiant of the two. I lead quiet days, reading much, thinking a good deal, keeping myself sharply alive to events and men, and not deserted by old friends. My pen is idle and reluctant; with no loss to the universe. By the way, I am surprised at the acceptance which my last two volumes found in America. Nothing could gratify me more. I only feel—with a rather poignant regret—how infinitely better it ought to have been. I entertain an American guest from time to time, always with pleasure and edification.

Believe, my dear Carnegie, in my warm affection and gratitude to you and your wife, and my deep good wishes for your girl.

J. MORLEY

Viscount Morley to Mrs. Carnegie

December 16, 1918.

MY DEAR MRS. CARNEGIE,

We are close on Xmas, and I want to say how warmly my thoughts turn towards you and your household, and how much we talk and wonder about what goes on with you all. We have had a spell of tribulation for a month or so, for my wife has had an attack of bronchitis, which has had its very anxious hours, and has not yet quite run its course. Private vexations lose some of their weight in view of the relief from the dire public load that has for the most of five years burdened the world—absurdly called civilised. What black clouds were secretly gathering when I said farewell to my best of friends at the Liverpool railway station in 1914! What would I give for an idle lounging week or month of miscellaneous talk at your fireside in N. York! I wonder, though, whether my medico will give me a permit to cross the Atlantic just yet or ever, for next week I have to face a warning anniversary. Yet am I in most ways as much alive, and keen about my fellow creatures as I ever was, and I mean to take my leave of them, when the curtain falls, as cheerfully and as confidently as scores of years ago.

This does not mean that now and then when one looks back upon it all, one does not see more than is pleasant of squandered opportunities of usefulness and good, both for one's self and other people.

A bird of the air whispers one of the most interesting pieces of information that ever a bird of the air brought me. It concerns dear Margaret.* Is it true? Somehow it seems a marvel to me—when I think it was only as if the other day when I first welcomed her to this curious planet of ours. You know how warmly I should feel about tidings that may mean so much to people that I care for. A line from you, or as many lines as you can seize time for, would be as welcome as sunshine. Tell me, if you can, whether there is any chance of glorious Skibo in 1919? What a difference it would make in our forecast for the coming year.

Please give a truly affectionate word from me to Carnegie. The world has not gone quite our way, has it? But I am sure nothing has shaken his confident faith and hope in an improving future for mankind. The fallen leaves are thick upon the ground, but Spring will come. My wife calls out from her sofa to be sure and give her love to you. All good fortune to you—every one of you.

Your affectionate and grateful friend

JOHN MORLEY

My publisher called to see me yesterday, and told me that America has liked my two volumes of fugitive memories as warmly as Great Britain. I never dreamed that it could be so, and it gives me an uncommon relish.

February 24, 1919.
Flowermead, Princes Road,
Wimbledon Park, S. W.

DEAR MRS. CARNEGIE,

Not often has a letter given me more real and true pleasure than the one you were kind enough to write to me on the fifteenth of last month. It was such a comfort to know for certain that the bird of the air, of whom I told you, had not been ill informed and that Margaret was in truth about to marry; and moreover, not to

*Miss Margaret Carnegie had recently become engaged to Mr. Roswell Miller, of New York. The marriage took place April 22, 1919.

transform herself into an Italian princess or an English duchess, but to stick to a natural healthy union with an active man in her own country. Neither she nor you will need any words to persuade you what warm good wishes follow her and her new adventure from this place. I much like the detail you give me by way of sketch, of the daily hours of A. C. And I fully understand how a man of eager ardent nature like his, wishes that he could have been present and made himself felt, at the Peace Conferences in Paris. After all, no man alive has done more by word and deed to preach the Peace gospel, or sow Peace seed. Today the whole civilised world is a convert to his doctrine, and will at least make a living effort to find and bind the material for sheaves in a happier age. Let him realise all this, and be well content with himself and the Stars. For the hour, in the meanwhile, it looks as if the bottom had been knocked out of the old world.

My Xmas birthday (with an immense long figure attached to it) was instantly followed by a dozen weeks of the current malady—and decline of strength. I did not in the least quarrel with the quietude. It is not wholly a curse to be left with a fair share of intelligence, a full share of interest in one's fellow creatures, and no share of daily responsibility. Nothing was more frequent or refreshing in all my bedroom musings than the famous days at Skibo. If I could only have an hour of the organ, an hour of talk with my host and hostess, with their daughter, and a shake of the hand with the man of her choice! Can one reasonably become as warmly attached to the memories and associations of a house and site, as if they were a person? Good bye, dear Mrs. Carnegie. My wife sends her love to you, and I shall always hold you in grateful and affectionate recollection. I must again and again repeat these closing words in every letter I write you.

J. M.

Chapter XVII

SHADOWBROOK

1919

CARNEGIE's attitude toward the war, and his views as to the duty of the United States, are expressed in a letter written President Wilson at the time when German-American relations had reached a crisis.

To the President

February 14, 1917.

DEAR MR. PRESIDENT:

Some time ago I wrote you "Germany is beyond reason." She has ever since become more and more so until today she shows herself completely insane. No wonder the Cabinet in today's papers shows restlessness. Were I in your place there would soon be an end of this. There is only one straight way to settlement. You should proclaim war against her, however reluctantly, and then settlement would soon come. Germany sought peace recently because she knew her weakness. Britain and France co-operating with us would ensure peace promptly beyond question, and at next meeting at The Hague we would abolish war forever, as we had resolved to do the year before when Hollweg threw his forces upon France, Belgium, etc., during the Emperor's absence with his physicians as usual in the North Sea.

Let me predict you will have the greatest of all careers before you; hope it will soon be clearly defined. Be of good cheer.

Yours devotedly,
ANDREW CARNEGIE

The following telegram was sent when Congress declared war:

To the President

April 7, 1917.

You have triumphed at last. God bless you. You will give the world peace and rank the greatest hero of all.

ANDREW CARNEGIE

2

FROM the beginning Carnegie had kept the closest watch on the European battle, reading the newspapers eagerly and freely expressing in print his views on the present and his hopes for the future. Most of his friends, indeed, were disturbed by this pre-occupation with problems of war and peace, for the daily increasing horrors were manifestly wearing upon his spirit. "You may prevent me from writing," Carnegie would say, "but you can't prevent me from thinking." He still maintained his optimistic attitude, for the greatest outburst of depravity in modern history had not destroyed Carnegie's conviction that the world was a delightful place and that human kind was facing a splendid destiny. To him the breakdown of ideals only emphasized the inevitable need of a new order, and that League of Peace to which so much attention had been given in recent years would, he insisted, be an essential part of the treaty ending the war. This opinion was set forth to reporters who made their customary birthday call in 1915. "The world grows better," he said, "and we are soon to see peace restored and a world court established, when, in the words of Burns, 'Man to man the world o'er, Shall brithers be for a' that.'" He lived to see the peace of Versailles and naturally regarded the League of Nations as the fulfillment of his hopes.

Carnegie's final years were quiet and secluded. One event gave him great satisfaction: on April 22, 1919, he gave his daughter in marriage to Mr. Roswell Miller, of New York. There were a few simple pleasures, such as the companionship of family and friends, an occasional walk, and now and then a round of clock golf, which he played with animation and skill. In the early evening a bout at backgammon with Mrs. Carnegie or his daughter was the usual

relaxation. Carnegie's love of games never died, and his eagerness to win and his chagrin at defeat were as marked in old age as in youth. The Fifth Avenue garden was an unending consolation. Passers-by would catch glimpses through the iron fence of the venerable and rather shrunken figure, usually with the favorite lemon verbena in his buttonhole, sometimes strolling among his flowers, sometimes sitting with newspaper in hand, ready with a smile or nod or even, on occasion, a chatty word. Though for the most part Carnegie was a tired and feeble old gentleman, the celebrated fire would not infrequently dart into his eyes, especially when his thoughts were turned to early business triumphs. Thus one day Mr. Bertram, spending a few moments with his chief, mentioned the bridge the Keystone Company had built at St. Louis, and inadvertently referred to it as "iron." Carnegie gathered himself together in a flash, shot a blazing look at his companion and exclaimed "Steel!"—for the introduction of steel in place of iron in bridge building he regarded as one of his greatest achievements. At other times he was hard to convince that certain wishes could not be carried out. He yearned for another trip to Mount Wilson, day by day unfolding new wonders in the heavens. With the recurring of every spring he felt the call of his Scottish home; even an ocean strewn with mines and submarines, and a Britain so distracted by war that normal living was impossible could not persuade Carnegie that another summer amid the scenes of his childhood was out of the question. He longed so for his favorite collie that the faithful animal was brought to New York, but the dog had grown rheumatic and thus proved a melancholy reminder of old days and companions. Skibo was offered to the British Government for a hospital; its use for this purpose proved impracticable, and the thought of his Highland home, silent and unoccupied, was a grief. He constantly pressed his physician on this subject; why could he not be permitted to go? "If you go," Dr. Garmany said, "you may not come back." "What difference does it make if I don't?" Carnegie answered.

His first summer was spent at Bar Harbor, Maine, the second at Noroton, Connecticut—beautiful places, both, having the prized advantage of a location by the sea. There were deep water cruises, for life near the ocean would have meant nothing to Carnegie

without his yacht. In 1917 Shadowbrook, a spacious house in the Berkshire Hills of Massachusetts, was acquired. This had been built thirty years before by Mr. Anson Phelps Stokes on a summit near Lenox, overlooking Lake Mahkeenac; besides comfort and beauty of surroundings, the estate had quiet and seclusion. Here Carnegie passed his last three summers. There were excellent fishing and boating, congenial gardens and woods for strolls, and the bracing air and sunshine for which this part of New England is famed. Carnegie was fortunate in his daily companionship with his secretary, Mr. John A. Poynton, who had succeeded to this responsibility when Mr. Bertram, in 1912, transferred his activities to the Carnegie Corporation. Mr. Poynton was a young man, full of affection and reverence for his chief, and interested in all phases of the Carnegie work. Whether playing golf, fishing on the lake, walking in the gardens, or handling the vast correspondence which still came to Carnegie and attending to such philanthropic transactions as were imperative, Mr. Poynton proved an unfailing support. A few intimates found their way to Shadowbrook, though most of Carnegie's American friends—Gilder, Mark Twain, John Bigelow, Abram Hewitt, Joseph H. Choate and many others—had long since passed away. The Carnegie generation of the age of steel was rapidly giving place to new men; Henry Phipps was living, but too feeble to make the pilgrimage north. A delightful episode of Carnegie's last summer was a visit from George Lauder—the "Dod" of the Dunfermline childhood. The two men, both octogenarians, spent two weeks fishing, talking, walking, even trying now and then a game of checkers. This was the final meeting. "My one consolation," wrote Lauder, when he heard of "Naig's" death about two months after the visit, "is that I am tottering on the same brink." Letters came in abundance from Great Britain, for the "old shoes" of Skibo kept in touch with the old time host. The heads of the foundations occasionally came and entertained the benefactor with descriptions of progress. A visitor always joyfully welcomed here or in New York was Charles M. Schwab, whose cheerful exuberance invariably exercised a tonic effect. Mr. Schwab's work in building submarines and manufacturing munitions for the Allies, and afterward in making ships for America, de-



MR. AND MRS. CARNEGIE AND THEIR DAUGHTER
MARGARET (MRS. ROSWELL MILLER)

From a photograph taken on the latter's twenty-first birthday. Mr. Carnegie in his eighty-third year.

lighted Carnegie, who, enemy of war though he might be, advocated the relentless subjugation of Germany as essential to the future of mankind. "I feel certain," he wrote Mr. Schwab, September 8, 1918, "that the Allies will have completely conquered and that the German Emperor will find his occupation gone."

Carnegie liked to discuss old times, and he would have been more than human had he not derived satisfaction from thinking of the ways in which he had dispensed his wealth. Mr. Poynton had written and printed for private circulation a pamphlet entitled "A Millionaire's Mail Bag" in which he described his experiences with the hundreds of letters that came daily to the Carnegie desk. This brochure afforded Carnegie much entertainment.

"How much did you say I had given away, Poynton?" he would ask.

"\$324,657,399," the secretary replied, his gift for figures being precise.

"Good Heaven!" Carnegie would answer with a chuckle, "where did I ever get all that money?"

"How fortunate I was in my 'boys'!" he frequently remarked, recalling Pittsburgh companions. His devotion to one of the noble company was shown in a touching way. Carnegie's sleeping room in the Fifth Avenue house was extremely simple, almost the only wall decoration being a painting of "Bill" Jones, the masterful autocrat of the Edgar Thomson Works, the man who, under Carnegie's captainship, had made America the world's greatest producer of steel.

There were even more intimate memories. One morning Dr. Holland called. Carnegie was in an abstracted mood.

"What are you thinking about?" Dr. Holland asked.

"I have been thinking about my mother. I have been thinking about her all the morning. I can feel her moist hand on my forehead now"—evidently a reminiscence of his childhood and his mother's hand made "moist" by domestic tasks.

About the same time another friend surprised him at his desk in the little room off the library. Carnegie was bending over the contents of a little yellow box—a collection of trinkets, all humble reminders, preserved through the years, of his father and mother.

As soon as the intruder entered Carnegie hastily thrust the box into a drawer.

And so the final days were passed, one in practically the same way as the preceding, the vital force calmly ebbing, the physical frame becoming gradually weaker. "I love to think of my old friend," wrote Elihu Root after Carnegie's death, "in the fullness of years, fading gently and happily out of life. It seems so suitable for him because he was, I think, the kindest man I ever knew. With all his constructive genius, his wisdom and insight, that is how I think of him." One change was apparent in Carnegie's outlook. In his vigorous years he had had a horror of death, probably an expression of the astonishing energy that kept his every fiber in constant tension. As the end drew near, however, any such feeling disappeared. The last illness came on August 9, 1919, an attack of pneumonia, and no one understood more clearly than Carnegie that it was the last, yet he was serene. He spent Sunday on a sleeping porch facing the lake and the Berkshire Mountains, with his wife at his side and his devoted valet, Morrison, nearby, anxious to anticipate his slightest wish. In the early evening Mrs. Carnegie said good night. "I hope you will rest well, Andrew." "I hope so, Lou," Carnegie replied. Then he sank into a deep and painless sleep, from which he never awoke.

3

DESPITE his love for Scotland Carnegie was content to be buried in the United States. America after all was his home, the country which had made him what he was, whose institutions and social organization he rated above those of any other land, and whose spirit had become part of his very being. To the American people he had given vastly the larger part of his worldly possessions, and he was happy to think that his dust would mingle with the American soil. Some years before, with his wife, he had selected his final resting place, nor could a site more typically American and more beautiful have been chosen. Sleepy Hollow Cemetery, near Tarrytown, New York, belongs to Colonial America. The ancient Dutch church, built in 1697, the grave of many Americans distinguished

in Revolutionary times, the reminders on every hand of scenes famous in American history and literature, the view of the Tappan Zee, one of the loveliest expanses of the Hudson—here is gentle romance and beauty of the kind that entered so deeply into Carnegie's heart. His burial place is the crest of a little hill, the sides covered with shrubs, flowers and trees, with a brook winding at its feet; Dunfermline friends have observed a resemblance between the spot and the eminence on which stands Malcolm's Tower in Pittencreeff. Not far from Carnegie lies Washington Irving, whose pen has immortalized the surrounding region. One memorial of Scotland testifies to his other loyalty. Above the grave stands a tall Celtic cross, the product of the Scottish estate. The tenants cut the granite from a Skibo quarry; they drew the great block to the station over mosses and roads, and it was fashioned into the present form by a sculptor in Glasgow. The inscription is a simple one: "Andrew Carnegie born Dunfermline Scotland 25 November 1835 Died Lenox Massachusetts 11 August 1919"

4

BUT Carnegie's real monument is his will. The document is a characteristic production, every line composed by himself, in his unmistakable style and phraseology. Simplified spelling occasionally appears, and the familiar human note is heard in practically every sentence. "Having years ago made provision for my wife beyond her desires, and ample to enable her to provide for our beloved daughter Margaret; and being unable to judge at present what provision for our daughter will best promote her happiness, I leave to her the duty of providing for her as her mother deems best. A mother's love will be the best guide." Legacies to the butler, George Irvine, to the housekeeper, Mrs. Nicol, and to "Nannie Lockerbie, our nurse, and Maggie Anderson our oldest servant" have the following comment: "These four are as members of the family." Then come gifts to other retainers, gamekeepers, foresters, crofters and the like, with this remark on the side: "We are blest with fine people on the Skibo estate." There is a long list of annuitants—a section that came so close to Carnegie that it appears, in his will, written in his own script, with a certain carelessness in

names and titles, but with unescapable definiteness of purpose. The heads of the several foundations are generously recognized, while many beneficiaries are men and women unknown to the public, friends of Carnegie's early time. In every case a provision is added that, if the annuitant die before his wife, she shall succeed him. Still mindful of the ungrateful treatment America parcels out to its servants, an income of \$10,000 a year is provided for ex-President Taft, and \$5,000 each to Mrs. Grover Cleveland and Mrs. Theodore Roosevelt. Certain public characters who, in Carnegie's judgment, had "deserved well of the State" receive allowances that assure an old age free from money troubles. "John Morley (lifelong friend)" is given \$10,000 a year. Lloyd George is provided for to the same extent. John Burns, a member of Parliament who had vigorously assailed Carnegie at the time of the Homestead strike, but whose public services, despite this, he thought entitled to a reward, obtains an annuity of \$5,000. A workingman member, Mr. Thomas Burt, who had just as forcefully defended Carnegie from Mr. Burns's strictures, gets \$5,000 a year.

In their notices of the ironmaster's death the newspapers had indulged in wild speculation as to the size of his estate. Half a billion dollars was the favorite estimate. The revelation that Carnegie had given away more than ninety per cent. of his possessions caused general amazement. Mr. Elihu Root, Jr., in making public the terms of the will, remarked: "He really did divest himself of his fortune for the benefit of mankind, as he long ago said he would." When the *Gospel of Wealth* appeared in 1889 there was widespread skepticism as to the seriousness of the proposal and Carnegie was asked if he really meant it; his reply, as quoted in these pages, was "Wait and see." Yet how completely rounded Carnegie's life had been, and how symmetrically it had been passed in conformity to one fixed purpose was learned only a few years after his death. Reference has been made above to the little box, treasured from childhood, in which Carnegie kept reminders of his earliest days. Here, amid mementoes of his father and mother, an old bible, and the like, was discovered a little old fashioned red leather pocket book. When this was opened it was found to contain a sheet of paper, yellow and fragile with age, covered with Carnegie's handwriting. It proved to be the memorandum, drawn

up in 1868, in which Carnegie had pledged himself to devote all his "surplus" wealth to "benevolent purposes." Carnegie had never spoken of this document to anyone; even his family had not known that it existed; yet its maker had carefully, almost tenderly, preserved it among his most precious relics for more than fifty years.

One of the familiar Shakespearean phrases that Carnegie was especially fond of quoting and which had been inscribed on his library frieze, was the following: "To thine own self be true." It would be hard to find a life that more sincerely exemplifies the meaning of that injunction.

THE END

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APPENDIX

A WORD ON ARMOR PLATE

OTHER troubles, about the time of the Homestead strike, were falling on Carnegie's head. In particular an episode known as the "armor plate scandal" caused a considerable flurry in the press. In 1894 President Cleveland fined the Carnegie Steel Company \$140,000—\$35,000 going to certain employés who had turned informer—alleging that "irregularities" had taken place in the Homestead armor plant and that the material supplied the Government was not of so high a grade as the Carnegie works were capable of producing. From this arose the charge, spread broadcast in thousands of newspapers and from a hundred political platforms, that the Carnegie company had been "palming off" defective armor plate for the new warships of which the public were so proud, thereby endangering the lives of their crews and making them unfit for battle. The legend, practically in this form, persists to the present day. The truth is, however, that the Carnegie Steel Company was never officially accused of turning out "defective" plate. The two men most relentless in pursuing the matter were Hilary A. Herbert, at that time Secretary of the Navy, and Captain William T. Sampson, Chief of the Bureau of Ordnance, afterward Admiral in command of the Atlantic Fleet in the Spanish-American War. Both men declared that this, the first order of armor plate made by the Carnegie Steel Company, was considerably better than the specifications called for. "The Department was very much gratified to find," said Secretary Herbert in reporting the results of his investigation, "that it was the opinion of the officers engaged in making these investigations that, although a portion of the armor delivered by this company was not in all respects equal to the very best armor that could be manufactured under the new and improved processes which have been adopted, yet that the

armor was all good, and in all cases the steel was of the best quality, the nickel thoroughly and equally distributed through the mass, and the defects resulting from blowholes, and the failure to anneal and temper in all respects as it should have been done to have it the best that it was possible to make, nevertheless left the armor at least five per cent. better than the lowest limit of tolerance." "Every plate was above the requirements," said Captain Sampson, in his testimony before the House Naval Subcommittee.* The charge, therefore, was not that the armor plate was defective, but that it had not attained perfection.

Perhaps the chief cause for popular excitement was the revelation that "blowholes" had appeared in many of the Carnegie plates and had been concealed by "plugging." That all good steel contained "blowholes"—ranging in size from a pin head to a marble, occasionally somewhat larger—was something the unprofessional citizen did not know. But Captain Sampson officially explained that "blowholes" were really an evidence of good steel, since the only way to eliminate them was by introducing silicon, a material that had a deleterious effect. At that very moment, he added, there was an exhibition of Krupp's armor at the Chicago World's Fair Exposition, all of which was as full of "blowholes" as the Carnegie material. As this Krupp armor had been sent to the United States in the hope of obtaining orders, it was presumably a favorable specimen of German handiwork. Moreover, the Carnegie contract permitted, in so many words, "blowholes" so long as they did not weaken the product—and this was never asserted. The "plugging" done by the Homestead operatives was to give the surface a smooth appearance, and much of it was performed in the presence of government inspectors and with their approval. That some "plugging" was performed at night, was true; if this was done to deceive the government inspectors—and perhaps it was—the act was indefensible, though here again "blowholes," even when they were "plugged," did not affect the value of the armor.

The "blowhole" issue, indeed, quickly faded, Captain Sampson and his associates dismissing it as of no importance. Yet one

*Investigation of Armor-Plate Contracts made by the Government with the Carnegie Steel Company, statement of Captain W. T. Sampson, U. S. N., May 25, 1894.

really serious charge remained, and no one attempted to palliate it; the responsible officers of the Carnegie Steel Company were the most outspoken in condemnation. Before acceptance by the Government the armor was subjected to a "ballistic" test—the one test of consequence; the plates, that is, were taken to a proving ground and fired at with projectiles of stipulated size, so that their power of resistance might be ascertained. Each individual plate was not so tested, one of every group being selected by government inspectors for such a trial, it being assumed that if one of ten or twenty identical plates, made at the same time, met the requirements, all of its fellows would pass muster. It was asserted that, after the specimen plate had been chosen by naval officers and put aside for this test, workmen would surreptitiously remove it at night time and subject it to additional "treatment" that measurably increased its efficiency. In one case it was definitely proved—and admitted by the company—that this had been done, and from this it was not an unfair inference that it had happened more than once. The purpose was to obtain a rating for a particular plate whose strength had been improved, the higher rating automatically to be applied to a large number of plates that had not received this "treatment." Here again there was an element of comedy, for subsequent trial showed that the re-treated plate was inferior to the lot that had not been subjected to such attentions, the whole thing illustrating that the American armor plate industry was in an experimental stage at the time. But the fact remains that certain men in the Carnegie organization had been guilty of sharp practice. No one was more vehement in denouncing them than Mr. Frick, the chairman. "If anyone was wronged," he said on the witness stand, "it was the Carnegie Steel Company by their employés."

That was the view everybody took—everybody, that is, except newspapers and politicians eagerly on the scent for points to score against President Cleveland and Carnegie. These irregularities took place from December, 1892, to September, 1893; practically all this time Carnegie was on the other side of the Atlantic, in England, Scotland and Italy. If naval officers, constantly on the spot, delegated to keep an eye on every ounce of armor from the time it left the ingot to its shipment to navy yards, failed to detect certain lapses, it was too much to expect that a gentleman three

thousand miles away could discover them. No serious person ever suggested that Carnegie knew of these transactions; he was not even called as a witness in the investigation and his name was barely mentioned. Frick's disclaimer of knowledge was unquestioningly accepted. That year, it appeared, the Carnegie works had made 2,000,000 tons of steel, of which 3,000 tons was armor; it seemed reasonable enough that a man having executive charge of such an enormous business might easily fail to observe a few midnight tricks of certain subordinates. This was the view of Secretary Herbert. "The Department deems it proper to state," he wrote, "that throughout the whole of this transaction nothing occurred to show that any officer of the Navy had been guilty of conniving at any of these irregularities. Neither is there anything whatever to show that any director of the company had any knowledge of the transactions herein set forth . . . I was informed that these irregularities had occurred chiefly at night and always when the government inspectors were absent, and that Messrs. Frick and Hunsicker did not visit the work at night. I could find nothing whatever in the testimony of the informants to indicate that either of these gentlemen knew anything whatever of these irregularities."

The question remains: what motive had a few Carnegie employes for using such methods to make the armor appear better than it really was? On that point there is no mystery. As has been explained, armor of a lower grade than that actually produced was acceptable to the Navy Department; yet premiums were to be paid in case the minimum stipulations were materially exceeded. The ambition of every Carnegie employé was to obtain advancement, an advancement that depended entirely upon his record. If the new armor plate made a showing so brilliant that premiums were earned, those responsible for the triumph would acquire merit and thus qualify for promotion. The whole episode was perhaps a regrettable by-product of Carnegie's system of awarding partnerships. This was Captain Sampson's explanation. "They had a natural pride in obtaining large results. They did not actually receive pay, but they did receive presents, and their promotion and success in the company depended on the rate at which they turned out this armor. That was the secret of the slighted work.

These people were patted on the back when they put through a good deal of armor and were in consequence promoted."

Innocent as the higher officials might be of moral wrong, the Carnegie company made no attempt to evade responsibility for its agents, and therefore paid, with as good grace as possible, President Cleveland's fine. Yet the presidential reasoning in determining this forfeit was for long a matter of sardonic comment. One batch of Carnegie armor had proved to be twenty per cent. better than specifications demanded; Mr. Cleveland therefore assumed that that one exceptional showing represented what the Carnegie Steel Company could do when it really tried, and censured the Homestead mill for not equalling its own record with every installment. Because its armor, as a whole, was only five per cent. better than the contract called for, the penalty was imposed. "Suppose, in that case," Frick used to remark, "we had exceeded specifications by 100 per cent? Then we would have had to refund all our payments and given Uncle Sam the armor besides!" Mr. Cleveland was an able and honest statesman, but he knew nothing about making steel. He did not know that one product of the furnace differed from another in glory; that the failure always to reproduce one magnificent result was not necessarily due to carelessness, but to the myriad whims this capricious substance manifested in the melting pot. Mr. Cleveland was not aware that every steel rail, beam or piece of armor was better, or worse, than its fellows; that uniformity was impossible. "You might as well say," remarked Frick, "that a painter could execute an equally good picture every time. Millet painted but one 'Angelus.'" The Carnegie company was fined because its every plate was not an "Angelus."

Carnegie offered to have all the armor removed from the battle-ships and fired at, to demonstrate its resisting power—and to pay the entire cost of the experiment. Secretary Herbert refused to accept the challenge. There was no question, he wrote, that the armor was able to meet the requirements; nothing, therefore, would be gained by a "ballistic" test. One of the ships fortified with this armor was the *Olympia*, Admiral Dewey's flagship at Manila Bay. Another was the *New York*, Admiral Sampson's flagship at Santiago. Another was the *Oregon*, whose feat, on the declaration of war with Spain, in sailing from the Pacific coast around Cape

Horn, reaching Cuba in time to play a splendid part in the decisive battle, is one of the brilliant pages in the history of the American Navy.

And the Carnegie Steel Company continued to make armor plate for the American and other navies. Russia, for one, was not disturbed by the "armor scandal"; at least it subsequently awarded many contracts to Homestead, against the competition of the greatest makers of Britain, France and Germany.

Anyone who wishes to study this subject in all its complicated details will find abundant references in the bibliography.

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